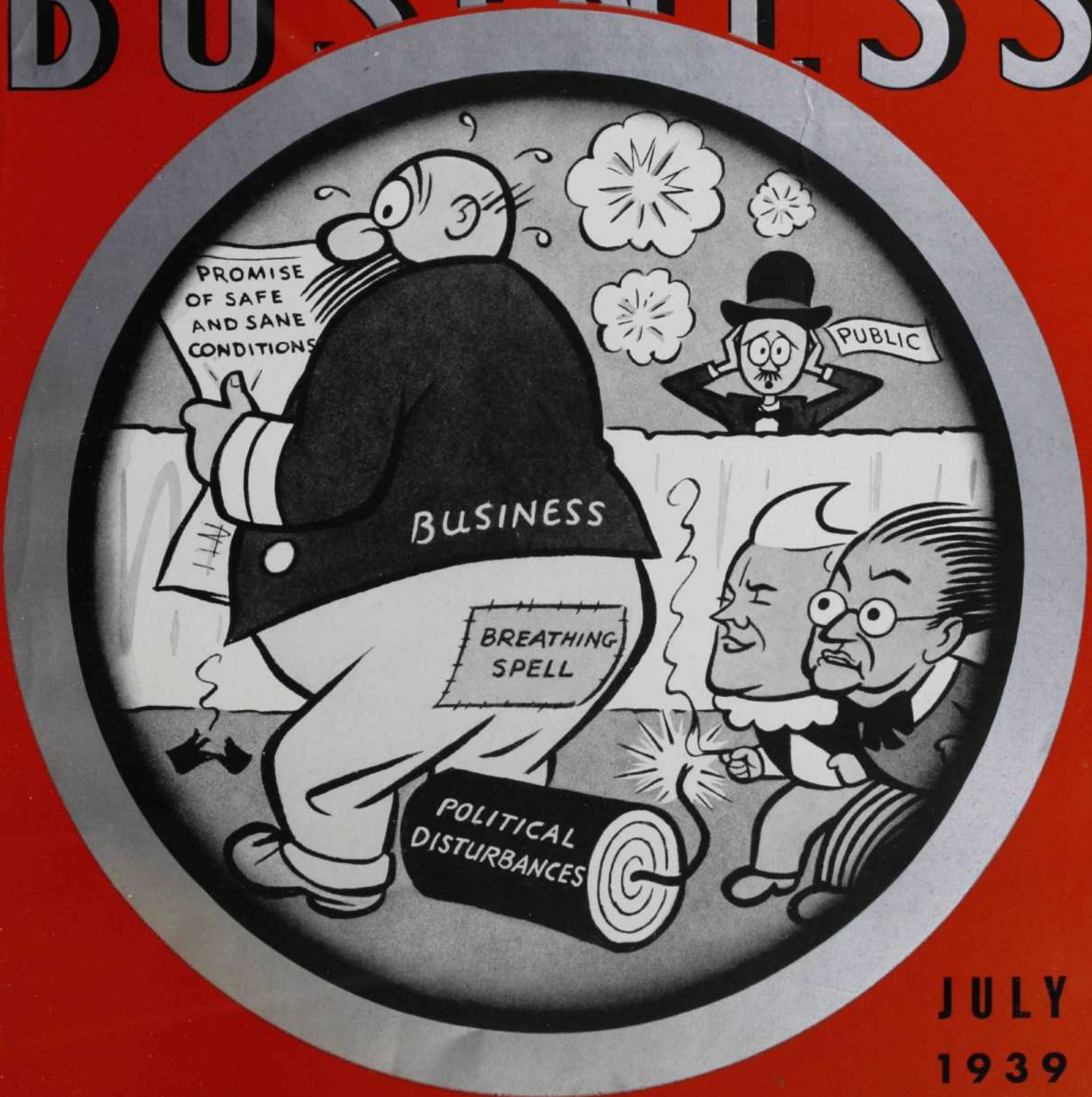


NATION'S BUSINESS



JULY
1939

Why Absolute Government Fails • From Ballyhoo to Civic Service in a
Single Generation • That's Where Your Food Money Goes

DISTANCE DWINDLES WHEN BUSINESS



TALKS IN TYPE

"Talking in type" is one of America's modern communication methods. It works fast. Offices miles apart can communicate instantly back and forth—with typewritten records of every word (carbon copies, if desired, are made simultaneously at all connected points).

Businesses, large and small, use the teletype . . . to co-ordinate branch offices, to speed transactions, to transmit statistical reports, to flash orders from sales office to factory, and to insure accuracy and efficiency in countless other ways.

In all likelihood, *your* business can profit, too, by using Teletypewriter Service. Call your local telephone office for a Bell System representative to talk it over. No obligation.



BELL SYSTEM



TELETYPEWRITER SERVICE

SMART EXECUTIVES ARE

"Afraid of
the Dark"



DARKNESS is not only the absence of light. It also prevails where *weighing operations* are conducted on a hit-and-miss basis. That is why Fairbanks Printomatic scales daily increase their service to industry by supplying a printed record of every weighing operation. Smart executives are "afraid of the dark." They insist upon the *white light of accuracy* in accounting with printed weight records for incoming raw materials and outgoing finished products. Today Fairbanks scales weigh everything from grains of gold to tons of steel . . . count small parts . . . balance golf clubs . . . test water meters . . . defy red-hot slabs of metal . . . weigh giant locomotives . . . make mixing practically error-proof in chemical and paint plants . . . propor-

tion concrete . . . weigh in the wheat — weigh out the flour . . . and thousands of other important jobs where accuracy is a *must!*

It is not for weighing devices alone, however, that industry turns to Fairbanks-Morse. The same sound principles that made Fairbanks scales famous have also built world-wide confidence in F-M Diesel engines, motors, electrical machinery, pumps, farm equipment, household appliances, stokers, and air conditioners.

For complete information about any Fairbanks-Morse product—and its application to your business, write Fairbanks, Morse & Co., Dept. 120, 600 S. Michigan Ave., Chicago, Ill. Branches and service stations throughout the United States and Canada.

FAIRBANKS-MORSE POWER, PUMPING, AND WEIGHING EQUIPMENT

109 YEARS OF PRECISION MANUFACTURING

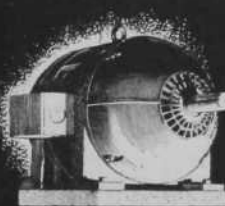
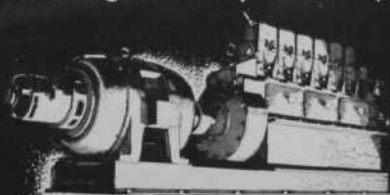


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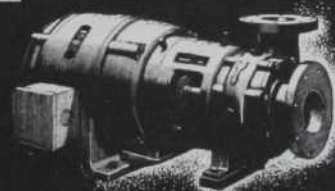
Scales that weigh from
.002 oz. to 1 million lbs.

Diesel engines—10 hp. to 1400 hp.



Motors—1/4 hp.
to 10,000 hp.

Pumps from 1 1/3 g. p. m.
to 150,000 g. p. m.

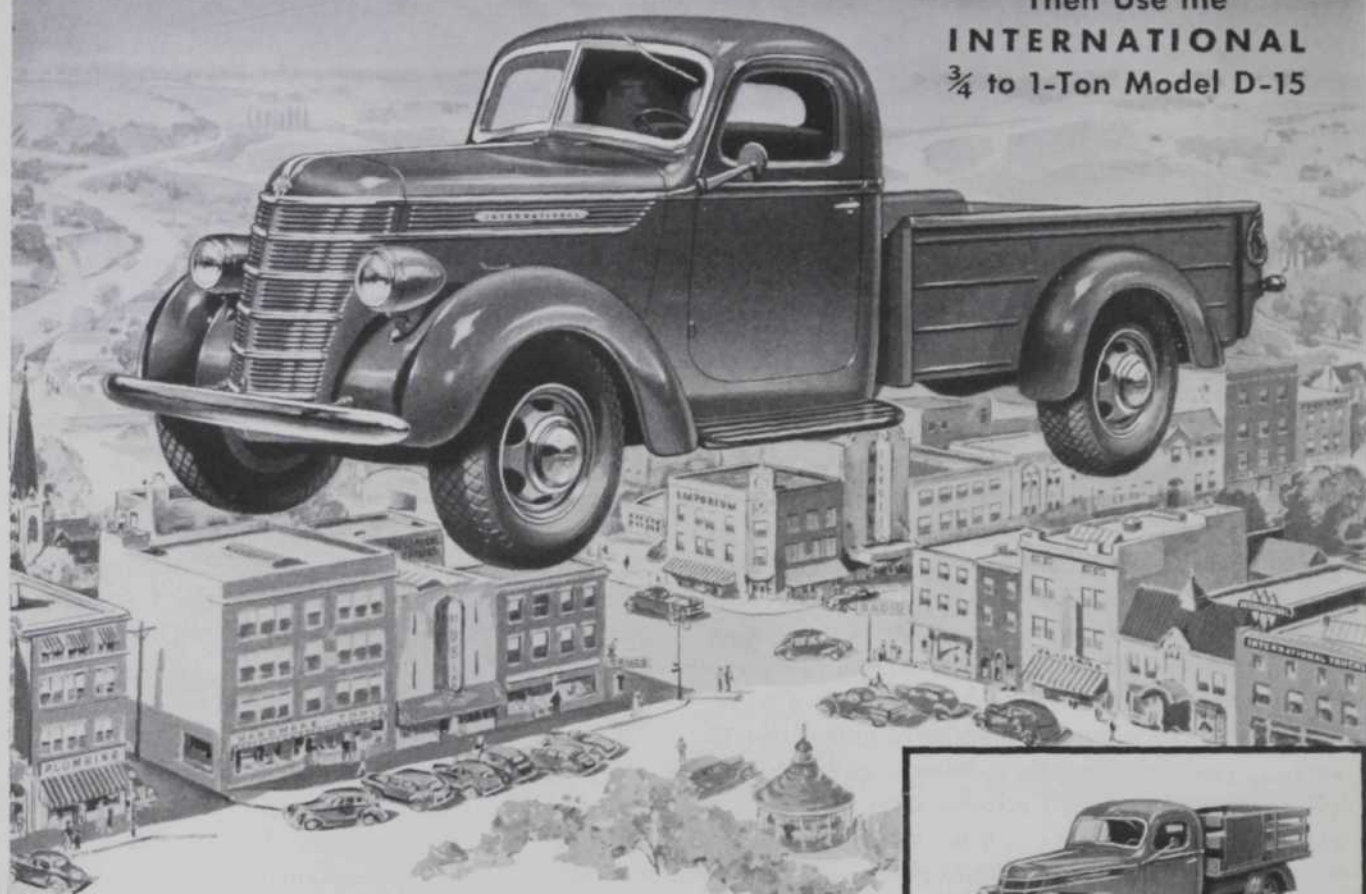


THE MIDDLEWEIGHT CHAMPION

Is a $\frac{1}{2}$ -Ton Truck Too Small?

Is a $1\frac{1}{2}$ -Ton Truck TOO BIG?

Then Use the
INTERNATIONAL
 $\frac{3}{4}$ to 1-Ton Model D-15



A $\frac{1}{2}$ -ton truck is too small for many needs, and often a $1\frac{1}{2}$ -ton truck is too large. There is a great need for a truck to meet the *middleweight* requirements.

International has built a $\frac{3}{4}$ to 1-ton truck to fit the job exactly—the “In-Between” International Model D-15. But International engineers didn't just build up a $\frac{1}{2}$ -ton model to bridge the gap—that isn't the way International does things. The D-15 was designed and built especially for $\frac{3}{4}$ to 1-ton loads. And like all Internationals, it's an “all-truck” truck

made to do a truck's job with typical International economy.

If you have middleweight loads to haul, put this $\frac{3}{4}$ to 1-ton International on your job and cut the needless expense of using a truck that's too big, or one that's too small.

Many thousands of this $\frac{3}{4}$ to 1-ton truck are on the job today. Dealers and branches operating under this famous Triple-Diamond emblem will show and demonstrate the “in-between” D-15 at your convenience. Other International sizes, Half-Ton to big Six-Wheelers.



The
“In-Between”
International
Model D-15

Designed for saving time, gas, oil, and wear and tear—in traffic, in parking, in alleys. Fast getaway and pickup—fast in all speeds. Wheelbase 130 inches; inside body 102 inches long.



Graceful lines in safety steel—a modern cab interior—superb springing and shock-absorbing—low center of gravity—low over-all height with AMPLE load space—extra-maneuverable—STAMINA and ECONOMY morning, noon, and night.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
180 North Michigan Avenue Chicago, Illinois



INTERNATIONAL TRUCKS

Shake Hands with Our Contributors

AS THE number of governmental agencies increases and their power to tell business what it can or cannot do is magnified, the importance of the type of men selected to staff those agencies becomes most significant. Misuse of the tremendous powers which they exercise can be catastrophic to private enterprise. Several of them undoubtedly belong to a class of thinkers who believe that the exercise of judicial discretion takes too long when they are impatient for immediate action.

Roscoe Pound tells why that kind of thinking is dangerous to the orderly administration of law which is traditional in this country. If the law as we know it should break down and be succeeded by decrees issued from government bureaus we would have a government by the caprice of men. Mr. Pound was dean of the law school at Harvard University from 1916 through 1936.

John C. Beukema is Secretary-Manager of the Muskegon, Mich., Chamber of Commerce. He became associated with the Manistee Board of Commerce in 1917 after serving as editor of the Muskegon *Morning News*.

Robert W. Gordon is a free-lance writer, whose first production work was making crossword puzzles for the Philadelphia *Inquirer* in 1924. Since then he has held down an editor's chair on *Modern Mechanix* and *The Infantry Journal*. When a relative became persistent with charges that business men were only concerned with "gouging the public" he determined to investigate. His first self-assignment was an on-the-ground survey of distribution methods and particularly the shipment of perishables from California to the East Coast. The result of this first-hand inquiry is printed in this issue.

Wadsworth W. Mount is assistant director of research for the Merchants' Association of New York.

Neil M. Clark is a well-known magazine contributor, whose articles frequently appear in NATION'S BUSINESS. Recent publication in NATION'S BUSINESS include: "These Tremendous Years," and "Highway Safety Goes to College."

Franklin P. Adams is a newspaper columnist who writes over the initials F. P. A. He has recently added to his fame by his pat and amusing answers to questions asked him in the course of the "Information Please" radio program.

Philip P. Gott is manager of the Trade Association Department of the Chamber of Commerce of the United States. Before coming to the Chamber in 1928 he was manager of several organizations in the building industry. **Miss Shirley Ashton**, a student in journalism and research, assisted Mr. Gott in compiling the factual material.

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Announcing the 1939
MACHINE TOOL SHOW

**THE GREATEST EXHIBIT OF THE TOOLS
 OF INDUSTRY EVER PRESENTED**

Cleveland

OCTOBER 4-13, 1939

NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION

10525 CARNEGIE AVENUE, CLEVELAND, OHIO



EXHIBITS

The 195 exhibits, occupying 150,000 square feet of floor space, will display nearly 1,000 machines. These will include every type of machine tool in its most modern form, and in full operation . . . also many types of allied equipment and accessories. Every facility will be afforded visitors for careful, thorough inspection.

**MACHINE TOOL
 CONGRESS**

A Machine Tool Congress, sponsored by the professional engineering societies, will be held in evening sessions during the period of the Show. Foremost authorities will speak at the forum meetings of this Congress, on important developments in manufacturing methods.

ATTENDANCE

Attendance will be limited to qualified visitors. Admission to the Machine Tool Show will be by registration only. Among those attending will be officers and directors of manufacturing companies, operating executives, engineers, production men, buyers. More than 50,000 people visited the Machine Tool Show of 1935.

YOUR SMARTEST INVESTMENT TODAY . . . MODERN MACHINE TOOLS

Through the EDITOR'S SPECS

Advice to a young law student

YES, SON, these quasi-judicial boards are a great labor-saving device for Congress. It used to be that, when a new extension of government activity was needed, the Congress studied the subject carefully and brought in a law that covered it. What could and could not be done was specified in the statute.

But lately a much easier way has been found—one that increased the production of our national law mill enormously. Now our legislators merely set up a new board and give it power to make the necessary regulations for its activity as well as to decide when these regulations have been violated and what penalties shall be assessed.

You see, these boards are quasi-legislative too, as well as judicial and administrative. Louis G. Caldwell has defined the Federal Communications Commission, for example, as a miniature independent government set up to deal with radio. Congress didn't want to take the time, or lacked the industry, to provide regulations for this new communication medium, so it created a commission of seven men and said to it:

Here's this radio baby; it's yours now to do with as you please.

Now, young fellow, if you expect to practice law you'll have to forget about the Constitution, state and national, insofar as radio, labor relations and a number of other matters are concerned. Study the speeches of these commissioners, administrators and board members. Don't neglect the most insignificant press release that issues from their offices, because it may become law with all the authority of an official statute and the precedents from Coke and Story on down.

Did you know

THAT 39 cents of every dollar the federal Government spends is borrowed money?

THAT CONGRESS appropriated \$450,000 for a T.V.A. plant to produce fertilizer phosphates when there

are already 191 private plants in the country with an annual capacity of 8,844,000 tons of these phosphates, or more than twice the greatest national consumption in any one year?

THAT ONE American in every six is receiving public bounty, to one in seven for Great Britain? In his "American Commonwealth" Lord Bryce noted with admiration that in 1881 the ratio of those on public relief in America was one to every 565 of the population, contrasted with one in 32 for England and Wales.

THAT when Colonel Somervell took over local W.P.A. administration in New York City six months ago he found that 40 per cent of those on the rolls had been there since the beginning of W.P.A. in 1935? He claims since to have reduced the number of "career men" to 20 per cent.

Where compromise is defeat

WHILE HE is alarmed by the program for political control of everything in the name of social justice, Walter Lippmann deplores those "reactionaries" who oppose every manifestation of that great conspiracy. Lippmann is one of those who believe it is all right to let the camel stick his nose in the tent, or even his whole head.

Under many circumstances the conciliatory, middle-of-the-road mind is admirable, but not in the present crisis.

Today, every compromise with collectivism is a costly defeat. Masses of people are never moved by metaphysical hair-splitting. A man who has had some very successful experience in mustering popular opinion for a political philosophy has spoken more realistically than our Lippmanns when he said:

The sentiment of the people is not complicated but very simple and complete. There are not many differentiations, but rather a positive and a negative; love or hate; right or wrong; truth or lie; never half this and half that.

That man is Adolf Hitler. We who support a faith opposed to his may nevertheless adopt some of his strat-



20 times a day

Many times a day, up and down the corridor for a drink of water wastes employees' time—and management's money! Save by installing a paper cup service at convenient points. Choose the modern AERO or AJAX pure paper cups, served from protective steel or Bakelite dispensers. The cost is nominal.

Ways to save money with AJAX or AERO cup services are told in the booklet "New Dividends for Business." Free to executives. Inspect these services, without obligation—check square below.

LOOK FOR NAME AJAX ON EACH CUP

LOOK FOR NAME AERO ON EACH CUP

- ☐ Mail us your FREE BOOKLET, and
☐ Have dealer tell us about the special
 One Dollar "GET ACQUAINTED" Offer.

LOGAN DRINKING CUP CO. Div.
 68C PRESCOTT STREET, WORCESTER, MASS.
 270C Broadway • 221C No. LaSalle Street
 New York Chicago
PACIFIC COAST ENVELOPE CO. DIV.
 416C Second Street, San Francisco

A PIPE WITH 3 LIVES

1901 Our story begins with the installation of a 48-inch cast iron water main under North Broad Street, Philadelphia, in 1901. After 24 years of service, the construction of the Broad Street Subway required its removal. The pipe was salvaged, reconditioned and placed on sale for service not requiring A. W. W. A. wall thickness.



1925 Now our pipe is en route from Philadelphia to Los Angeles, 4866 nautical miles away, bought for the City of Glendale, California, to be used for an intercepting sewer river crossing under the Los Angeles River.

Here you see it being unloaded at Los Angeles for delivery to the job at Glendale, where it was laid for the second time. Sold at a saving over the cost of new pipe yet having realized a good salvage value for Philadelphia, both cities benefited.



1938 Thirteen years later a Flood Control program required deepening the Los Angeles River channel, involving relocation of the Glendale intercepting sewer. It was found economical to uncover this 48-inch cast iron line and remove it for reinstallation.



Here our pipe is starting out on its third life, after 24 years of service at Philadelphia and 13 years of service in its first location at Glendale. Barring unforeseen circumstances, this cast iron pipe line will serve for a century or more in its present location.

THIS STORY of the adventures of a 48-inch pipe line is a striking example of the salvage value of cast iron pipe. The recognized standard material for underground mains, cast iron pipe is also unequalled for long life and low maintenance cost, justifying its reputation as Public Tax Saver No. 1.



Look for the "Q-Check" Registered Trade mark. Cast iron pipe is made in diameters from 1 1/4 to 84 inches.

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

CAST IRON PIPE

PUBLIC TAX SAVER NO. 1

egy of winning public opinion while there's yet time.

Overheard in a bus

BY THEIR conversation we marked the older man as a Government employee and the young man as obviously a bank employee. If either of them should read this, our apology for involuntary eavesdropping.

O. M.: What's the cause of all this jam in business activity?

Y. M.: The immediate cause seems to be a paralysis of normal distribution.

O. M.: What caused this paralysis?

Y. M.: Investment capital is frozen up.

O. M.: Well, why don't they do something to get it working again?

Y. M.: Who do you mean, "they"?

O. M.: Business men, of course. The trouble is with business, isn't it? Then business men will have to correct it. They run the show, that is, about 60 of them do.

Y. M.: Not on your life they don't. The business system includes nearly everybody. The 60 men who have most to do with running it, or rather keeping it from running, are right here in Washington. They could say the word that would start it to functioning properly again. But I don't expect them to give it.

And so, on and on, with the bank clerk more than holding his own. These white collar business employees are the shock troops of a beleaguered economic system. Give them arms for intellectual defense and training in their use. Write NATION'S BUSINESS or the National Chamber for such printed material. If you happen to be a banker, use the excellent series of booklets on Customer Relations published by the American Bankers Association.

Incentive to war

SENATOR Josh Lee of Oklahoma was not joshing when he introduced his bill to conscript wealth in war. He really means it. He wants a "wealth census" at the outbreak of war and the forced buying by all citizens possessing \$1,000 or more in money, marbles or chalk of 50-year Government bonds at one per cent. These bonds would be allocated according to a sliding scale ranging from five to 75 per cent of the citizens' net worth.

It would take a more profound economist than the Senator to explain how job makers such as Henry Ford or any other big industrialist could subscribe up to three-fourths of their holdings without Government confiscation of the industries that constitute that wealth. That would mean our sudden transition from a republic to a Soviet.

Proponents claim the Lee Bill would be a deterrent to war. It would in the case of all those with substantial savings, but a positive incentive to war for the much larger group of "have-nots." For many of them, war under such conditions would be a desirable

event because an excuse for the application of share-the-wealth Socialism.

"With words we govern men"—

DISRAELI

WE ARE the conservatives because we simply cannot bring ourselves to take radical chances with other people's property and other people's lives.—President Roosevelt.

As a matter of fact, I'm not sure that class warfare is not all right.—Aubrey Williams, director, National Youth Administration.

Over a period of years the Government will gradually come to own most of the productive plants of the United States.—Adolf A. Berle, Assistant Secretary of State. (Several months ago we reported in these columns that Mr. Berle was sequestering himself briefly to do some heavy thinking on the future of the country. This is the result of his meditation.)

If we could lift the \$15-per-week families into the \$25-a-week income group there would follow a substantial increase in the purchase of goods and services by these people.—Secretary of Commerce Hopkins.

If the income of the South were raised to that of the rest of the country, there would be \$10,000,000,000 more income, and the resulting employment would be at least 5,000,000.—Leon Henderson, member, Securities Exchange Commission.

Tax revolt from below

WORKING FOLKS out in Michigan are becoming both literate and articulate on tax matters. When the tax assessor of Ecorse tried to boost the Great Lakes Steel Corporation's assessment by \$6,000,000 it was the representatives of the company's 14 employee organizations, acting on their own accord, who protested so strongly to the Board of Review that the increase was shaved down to \$2,000,000.

Not through love, philanthropy or emotion did the employees do this. It was entirely a question of protecting their own interests. They knew that so large a jump in their employer's taxes would tend to increase steel prices, that higher prices meant loss of orders to competitors and lost orders meant lower wages and fewer jobs.

If national labor leaders were as smart as these Ecorse men they would be the strongest crusaders against high taxes. Fortunately a few, such as Matthew Woll, do realize the truth that taxes hit hardest the man who toils.

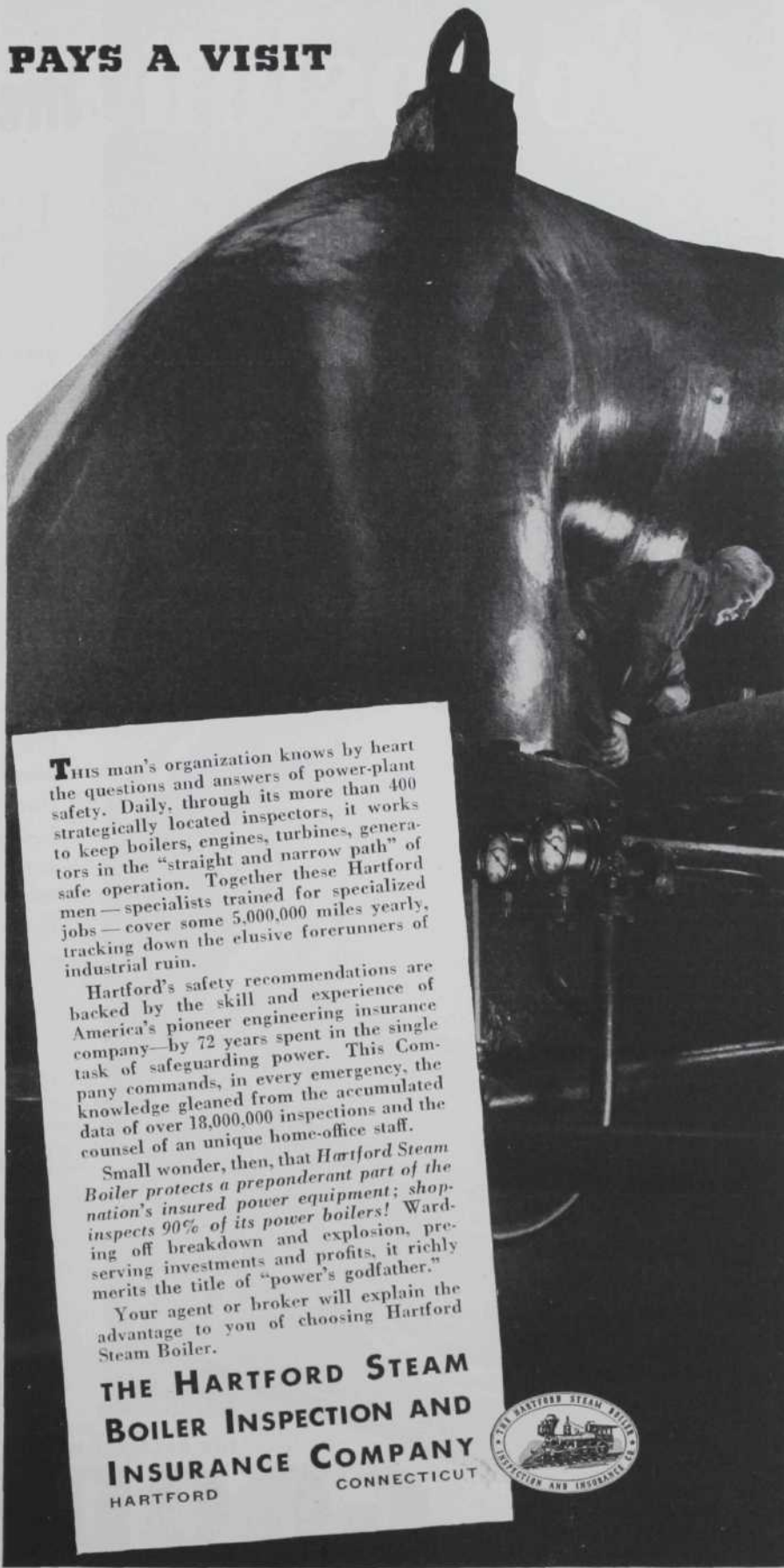
Why prices won't stay put

IN 1938 there was a light tomato crop with a comparatively small pack by the canners. "You might think that would spell a good price for tomatoes this year," J. E. Fitzgerald of our

(Continued on page 44)

POWER'S GODFATHER

PAYS A VISIT




THIS man's organization knows by heart the questions and answers of power-plant safety. Daily, through its more than 400 strategically located inspectors, it works to keep boilers, engines, turbines, generators in the "straight and narrow path" of safe operation. Together these Hartford men—specialists trained for specialized jobs—cover some 5,000,000 miles yearly, tracking down the elusive forerunners of industrial ruin.

Hartford's safety recommendations are backed by the skill and experience of America's pioneer engineering insurance company—by 72 years spent in the single task of safeguarding power. This Company commands, in every emergency, the knowledge gleaned from the accumulated data of over 18,000,000 inspections and the counsel of an unique home-office staff.

Small wonder, then, that Hartford Steam Boiler protects a preponderant part of the nation's insured power equipment; shop-inspects 90% of its power boilers! Warding off breakdown and explosion, preserving investments and profits, it richly merits the title of "power's godfather."

Your agent or broker will explain the advantage to you of choosing Hartford Steam Boiler.

**THE HARTFORD STEAM
BOILER INSPECTION AND
INSURANCE COMPANY**
HARTFORD CONNECTICUT



Living up to the Greatest Name in Rubber

Corrosion

meets its master

IN the modern world of industrial chemistry Goodyear rubber is serving worthily today in repelling the attack of corrosion on many fronts. All types of equipment used in transporting, storing or processing corrosives are now being permanently protected by a new Goodyear development—Plioweld* rubber lining. Plioweld bonds enduringly to any metal surface; does not split, crack or loosen from temperature changes, alternate wetting and drying, or vibration. It resists practically all inorganic acids, salts and alkalis, organic materials and plating solutions.

In steel pickling tanks, water treating plants, tanneries, sewage precipitation systems, tank cars, dye houses, all the vast range of chemical processes—on fans, valves, pumps and all equipment in direct contact or exposed to fumes—Plioweld-protection insures far longer life with minimum maintenance. In some plants the most corrosive acids are now being piped like water in Plioweld-lined pipe. Every day industry is discovering new savings through application of this remarkable rubber development—another of the centennial products that spotlight Goodyear's guardianship of the greatest name in rubber.

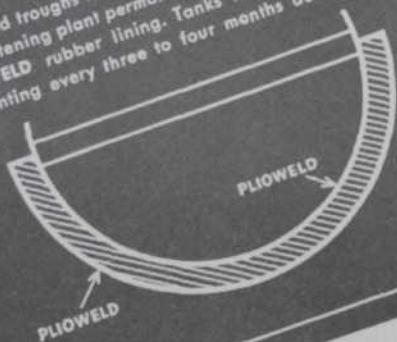


1839 • THE CENTENNIAL OF RUBBER • 1939

Great beyond all other names in rubber is that of Charles Goodyear—discoverer just a century ago of the process of vulcanization that made rubber usable to mankind. To honor him The Goodyear Tire & Rubber Company was named long after his death; from his lifelong effort to extend rubber's utility it takes inspiration and seeks by serviceability to deserve his name.

*Trade-mark of The Goodyear Tire & Rubber Company

Filter bed troughs in Ambridge, Pa., water filtration and softening plant permanently protected with white Plioweld rubber lining. Tanks formerly required repainting every three to four months due to rust.



THE GREATEST NAME

IN RUBBER

GOOD YEAR



Thirty Cents for "Independence," July 4, 1939

HERE, then, in broad strokes is the state of the nation today.

Each of the 60 countries of the world requires around two-thirds of its productive work, its income, to pay for the necessities, food, shelter, clothing. This 65 per cent is true of a country regardless of its living standards, India on the one extreme, the United States with the highest standards on the other. What of the 35 cents left after the sustenance of life? In that answer lie most of our troublesome problems today.

Consider three pictures:

Until recently the people of the United States disposed of their 35 cents in this way. Five cents, at the turn of the century, was all that was required to pay for expenses of government, state, federal and local. Of the remaining 30 cents, about half went into the hands of managers of business enterprises which was about equally divided by them in expanding old industries and promoting and developing new ones such as radio, rayon, automobile.

Much of this 15 cents remained in the hands of the people in the form of investment, productive wealth represented by stocks and bonds and life insurance equities. The remaining 15 cents was used to buy the products of this increased industrial activity, thus driving upward standards of living and making one-time luxuries the conveniences and even necessities denied the rest of the world.

Second picture: What of the 35 cents which remained to the peoples of the other 59 countries. Since time immemorial around 30 cents was used for government expenses. A hazardous five cents was left as free capital. This gives point to the sentient statement of former President Hadley, of Yale, that the supremacy of the United States was due to the fact that it could afford to take chances upon development as no other country could afford to do. Five cents as against 30 cents as a back log!

Why did the Old World require 30 cents of the earnings of their people for government? For policing. External policing, the fear of land-grabbing, wealth-grabbing neighbor aggressors, whose people were in constant fear of being deprived of the bare necessities.

Third picture: What is the situation in the United States today? Sixty-five cents for the necessities. Of the 35 remaining, 30 for governments (25 collected in taxes, five borrowed). Ten cents for investment and the lifting of living standards.

Why the great increase in government costs? Not to relieve distress and unemployment as generally stated and believed. Only one dollar in six of federal expenditures is for relief. The great increase in taxation and borrowing, which has brought overnight the allocation of the earned dollar to a level almost to that of other countries, is for policing. Against foreign aggressors? No. For protection against an alleged aggression and oppression on the part of business management. Internal "policing." Policing ourselves against ourselves.

Every act of those engaged in stimulating us to trade our labor, services and products is now

under surveillance, from the time a commission checks the project to the time another bureau passes upon the label to go on the package. Policing, in another form, such as protection against the private electric bulb by government "yardstick" operation. Policing of banks, labor relations, aviation, oil, coal, lumber, telephones, retailers, stock and grain exchanges, insurance. Policing of states and communities as to the manner in which they handle their social problems. Policing in another form as exemplified in the published statistics that the federal Government received 153,000,000 compulsory reports from business management last year. Policing as expressed in the \$76,000,000—a sum equal to one-sixth of total passenger revenues—spent by Washington in travel expenses of its inspectors, regulators, investigators in one calendar year.

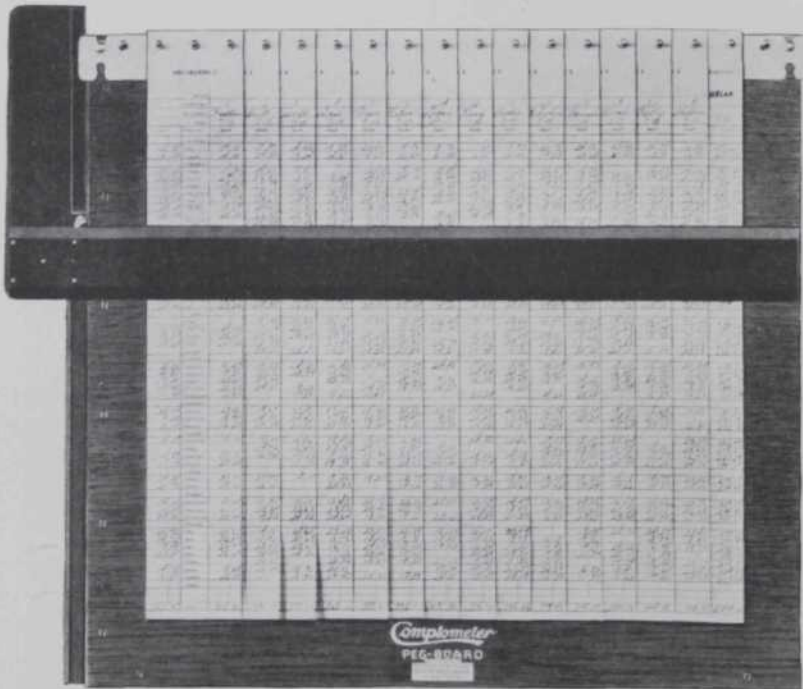
These three pictures are true pictures. They point the trend to a static society, a "planned economy," to "frontiers gone forever." We, the people, perhaps planned it that way, a road to centralized authority over, and policing of, the individual. But perhaps we did not count the cost: unemployment still with us, management, which brings dreams into being, and men and jobs together, and more conveniences and luxuries for more people, now disheartened and bewildered, unable to see 30 days down the road because of the new policing machinery we have set up, whereby 137 boards, bureaus, commissions, federal incorporations and authorities now pass laws daily in the form of rules and regulations.

Little government, with little expense and little policing, brought the United States the highest standard of living the world has ever seen. Perhaps the founders were wrong in building that way, indignant and angry as they were against a ruler demanding more taxes and more power, who, as a famous Declaration set forth, had "erected a multitude of New Offices, and sent hither swarms of Officers to harass our people and eat out their substance."

The nation's future lies in the hope that the sons of those sturdy sires have not yet lost entirely the capacity to become incensed with indignation and roused to action.

Mere Thorne

THIS BOOKLET TELLS YOU
HOW and WHY
 THE COMPTOMETER PEG-BOARD
 SAVES MONEY!



COMPTOMETER PEG-BOARD METHODS save time and money (in handling payroll, book-keeping, sales analyses, distribution of labor and expense, production and inventory control, financial reports, and so forth) by utilizing original records to produce final results, and eliminating multiple copying (master thief of time and prime source of error).

TO LEARN EXACTLY how Comptometer Peg-Board Methods simplify accounting problems, executives are invited to write for copy of the new, revealing booklet illustrated above. It will be delivered free, and without obligation. Address *Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.*

"BEFORE WE BEGAN using the Comptometer Peg-Board combination," writes Mr. G. F. Ritenbaugh, Secretary and Treasurer of Heppenstall Company, Pittsburgh, Pa., leading producer of quality steel ingots, billets, forgings, die blocks and shear knives, "we always allowed nine days for the compilation, preparation and distribution of payrolls.

"Now this work is accomplished with the same clerical force in less than four days, although the number of employees in the plant has increased considerably. The Comptometer Peg-Board enables us to analyze raw material consumption and determine ingot costs in our Open Hearth Department with less clerical time, and use of original figures eliminates errors."

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Why Absolute Government Fails

By ROSCOE POUND

THE CURRENT concept of government is quite different from the original design of those who drafted the Constitution

LOOK WHERE we will in the world today, the established order is on the defensive. Liberty is becoming a legend, justice a superstition. The most ominous sign of the times is the rise and spread of administrative absolutism. It is visible in various guises, is practiced under many political colors, is fundamentally characterized by a desire to operate outside the law and the courts, to interpret "rights" with capricious bias.

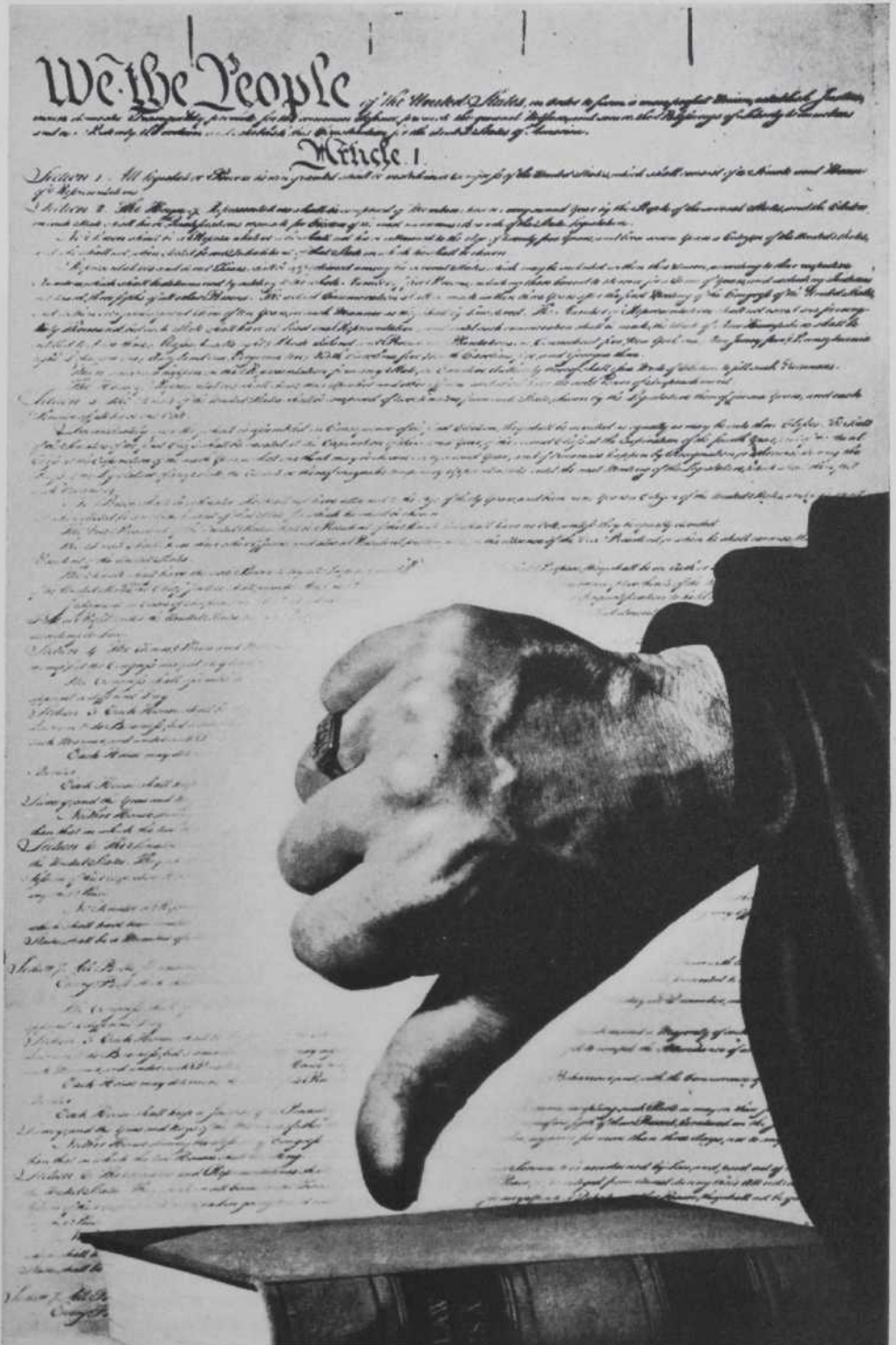
The trend toward personal government is universal, although concern over European dictatorships is likely to obscure the comparable despotism of the multitude of administrative agencies in our own country.

Things which would have shocked the American people in the past century seem to be accepted today without a murmur or even to be actually approved. One-sided statutes, one-sided administrative proceedings, may be seen in almost every statute book, every report, and every treatise on politics.

Obviously enough, the current concept of government, as we are seeing it demonstrated, is quite different from the original design of those who drafted the Declaration of Independence and the Constitution. But I can hear some one saying:

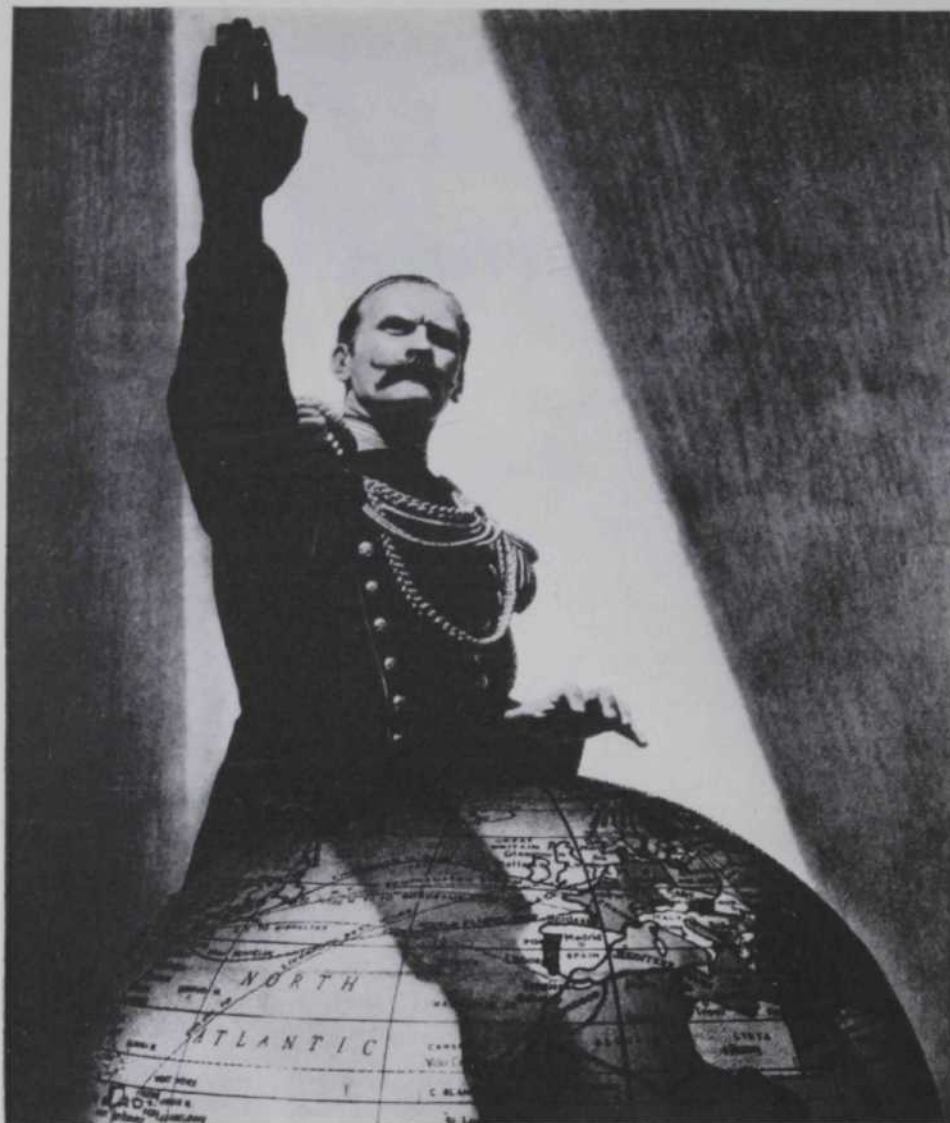
We are in a different age. The times demand that things be done speedily and efficiently. They call for short cuts to social ends. We can't stop to do equal and exact justice. We can't even stop to hear both sides.

There are great social ends to be reached, far-reaching social programs to be carried out. They must not be held back while John Doe and Richard Roe argue the precise effect upon their individual rights. The administrative juggernaut must roll over the good and the bad toward a hoped-for ultimate good.



A program of re-making the social order must reject law and its presuppositions of rights, equality and balance

GEORGE LOHR



In practice, it is not the wants of all the people that are satisfied—but merely the wants of the insistent wielders of political power

Such is the argument for administrative absolutism.

But this assumes that the ultimate good is so assuredly determined that we can march toward it over all obstacles with complete confidence. In fact, the rise of administrative justice in the English-speaking world did not proceed originally upon any such ideas. It presupposed the old values. It was directed toward old ends of balance between the general security and the individual life.

A demand for more speed

THE problem of industrial accidents, a problem unknown to the formative era of our law, called for speedier adjustment of claims for compensation than the courts afforded. Factory acts, public health laws, pure food laws called for more speedy enforcement than the legislation of the past. The conditions of life in urban communities made new demands upon administration. The expansion of industry raised new ques-

tions faster than legislation and adjudication seemed able to deal with them.

Moreover, in the English-speaking world we had inherited a love of liberty and, in nineteenth-century America, we refused to submit to regulation for a long time when greater regulation was urgently called for.

A reaction was inevitable and, once it acquired momentum, the movement for executive justice began to go to extremes. The will to power led those to whom legislation was giving authority over property and activities to seek continually greater domination. This cult of power, which is inevitable when new authorities arise, led to ingenious academic theories of administrative justice almost from the start.

Under prohibition, the characteristic defects of administrative quasi-judicial determination were soon manifest and had not a little to do with the public dissatisfaction which led to repeal of the Eighteenth Amendment. But the extreme partisans and the extreme op-

ponents of that Amendment were so bigoted and intolerant that this example of administrative justice in action was not brought home to the public.

After the Russian revolution, ideas of class control of politically organized society became widespread. Law was not adapted to such ideas, though laws could be used to further them. The true and effective agency of collectivism, the Soviet regime quickly perceived, was administrative ordinances and orders. A program of re-making the social order must reject law and its presuppositions of rights, equality and balance. It must rely upon administrative decision of each controversy as unique under its own circumstances.

A patchwork of legislation

TRIBUNALS set up on the basis of such ideas would have multiplied less rapidly had it not been for the American habit of legislating without reference to the law generally or to a systematic plan. Every piece of legislation setting up an administrative bureau or board or commission provided its own mode of review.

The common-law modes of review were technical, often cumbersome and always expensive. It was not always clear which were in force or how far they were in force in any particular state. Review by suit in equity was often the only available remedy and that was exceptionally dilatory and expensive. Moreover, review in equity was likely to interfere unduly with the legitimate discretion of the administrative agency.

Then, too, American administration had to find itself. No provision was made for promulgating administrative rules. Hence the courts, accustomed to records presenting a clear story of what the tribunal they were reviewing had done and how and why, began by exacting unreasonable requirements to which the legislatures responded by seeking to relieve administrative action from review wherever constitutionally possible.

Naturally, judicial review seemed to the public dilatory, expensive, ineffectual and unduly hampering. In the meantime, official will to power and the effectiveness of administrative agencies in a program of making over the social and economic order led to pressure to free those agencies from constitutional restraints and legal control.

The stated advantages of administrative absolutism are expertness of the administrative officials in the special subjects committed to them, quick action, adaptation of administrative methods to the unique features of special cases and, above all, efficiency in carrying out a legislative or executive program. It is urged that administrative discretion, freely exercised, is better

adapted to modern problems than are the slower methods involving legislation and the courts.

Discretion, however, is a word of more than one meaning and much depends on what kind of discretion is meant, by whom it is exercised, and how the discretionary decisions are arrived at. Discretion should mean a personal judgment based on experience and guided by principles. As an English judge put it recently:

Because the matter is left in the discretion of the court, it does not mean that the court is free to do exactly what it chooses, to indulge in sympathies, or to invent some new equitable doctrine between the parties. It means that discretion is to be exercised upon judicial grounds in accordance with principles. . . .

Such has long been the type of discretion exercised by courts of equity. Another type of discretion is that described by Selden which varied with the length of the chancellor's conscience and might as well have been measured by the length of his foot. Administrative discretion may be of either type. But it takes no very great reading of the reports to see that, with too many administrative agencies, it is habitually of the latter type. Those who urge administrative absolutism usually show between the lines that the latter is what they expect and desire.

A class of "experts"

AS to the advantage of special expertness, experience has shown that government administrators are frequently experts because they were appointed, not appointed because they were experts. As to the advantages of expedition and efficiency, they belong to the directing rather than to the determining function of administration. When they are sought in the exercise of the determining function, they need to be tempered by the demands of justice. But, if administrative agencies are set up to carry out programs made to help one side only, justice, being omitted from the program, is easily omitted also from the procedure for carrying it out.

Decisions made according to the unfettered will of the deciding authority have been frequent in legal history. Harun-al-Rashid walking the streets of Baghdad in disguise and relieving the tedium of royal existence by administering punitive justice shows us one type. The clever rogue who told a good story as like as not went off rewarded from the caliph's purse, while the dull rogue who, to a lesser offence, added

the crime of boring the commander of the faithful was likely to suffer the extreme penalty.

That such methods have not become obsolete was illustrated under the national prohibition act when a court set aside the order of a prohibition administrator cancelling a valuable permit because it appeared that the ground of cancellation, to use the language of the court, was that the holder had "imputed canine ancestry" to the administrator.

Looking back over the development and methods of administrative rule as we see it today, what are we to say it all means? Partly it is a product of ideas which have gained steadily in the world since the end of the last century and have received added momentum from the Russian Revolution and the rise of totalitarian states. The ideas propounded by Karl Marx in 1859, and more and more accepted after 1890, made for skepticism and distrust of justice according to law.

which is exploiting and imposing its will upon society at large.

As Marx saw it, in the ideal society law would disappear. There would be no need of it. When property was abolished, classes would no longer exist. Laws would no longer be needed to hold one class in subjection to another. The simple disputes of a propertyless society could be settled without tribunals, authoritative precepts and authoritative technique.

"Hence," the self-styled realist says, "why wait for the regime of propertyless, classless society? Why should not law disappear here and now and the power of a new class, becoming dominant, impose itself through administrative bureaus and commissions and agencies?"

Jurists today, throughout the world, may be found preaching this. They reject law, rights, experience, reason, and justice. A law is a threat—nothing more. What have been called rights are but claims secured by threats. If there



According to the doctrine we are asked to accept, law is merely a threat by which one class is able to exploit and impose its will on society

More recently Marx's theory of law as a product of class self-interest has gained many adherents. Under this theory, justice is a superstition. Law and principles, even moral precepts and doctrines of right and wrong, are but expression of the self-interest of a class

is a right, it is but the notion of some one clothed with the authority of politically organized society. The will of the official who wields that authority stands for what we had been calling justice. Law is whatever is done officially.

(Continued on page 60)

From Ballyhoo to Civic

IN THE Lake States they tell the story of the classic lapse of a pre-war chamber of commerce secretary. As an orator singing his city's praises at an annual chamber dinner, he was unsurpassed. He had the silver tongue of a Daniel Webster and the linguistic capacities of an editor from the Deep South. Welcoming a convention he boomed:

Ladies and gentlemen, 20 years ago our fair city was the Lumber Queen of the World. Today our last mill is gone. But did our city perish with it? No indeed, ladies and gentlemen, today we have, in place of those vanished mills, eight great manufacturing plants, each of them the largest of its type in the world. And, ladies and gentlemen, along our waterfront we have some of the biggest bluffs...

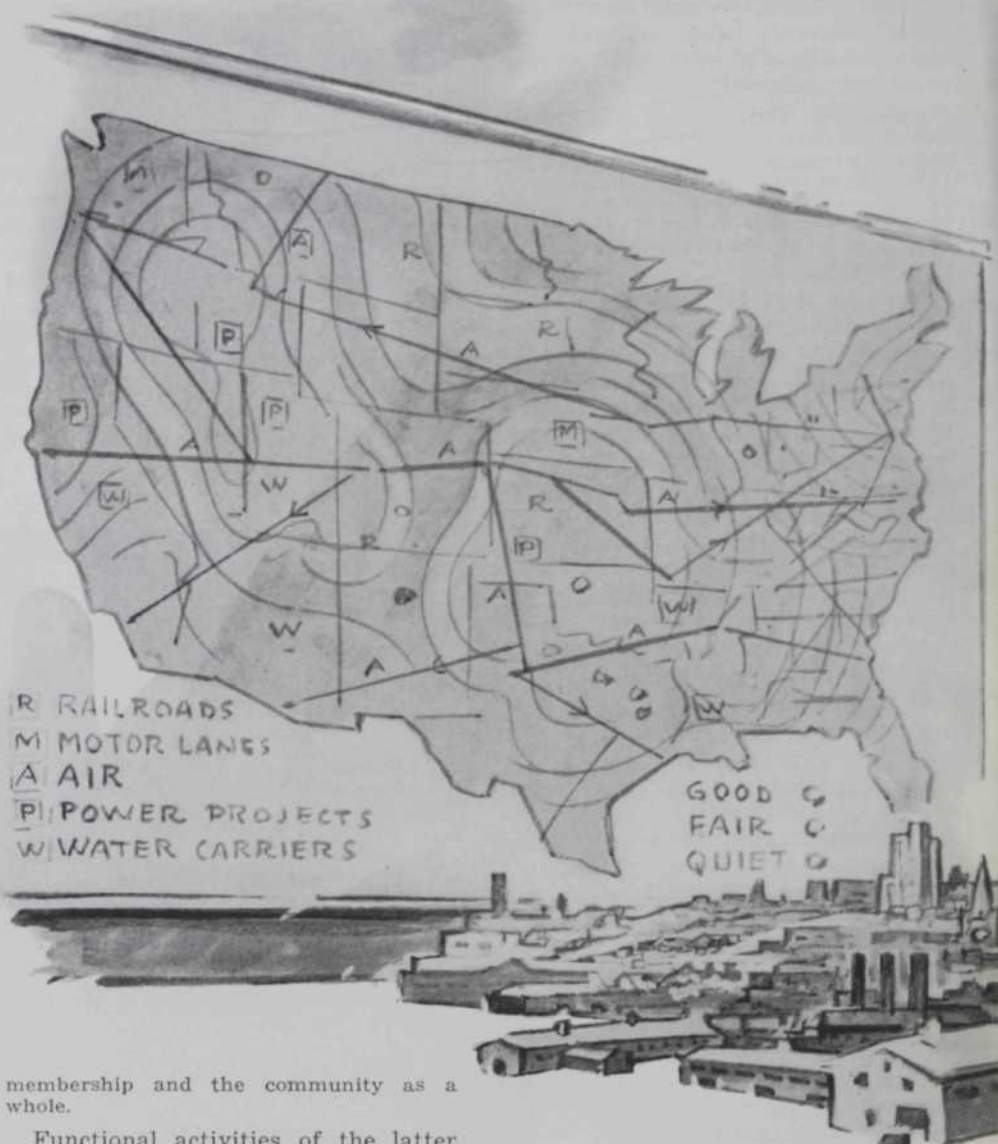
Laughter drowned out his speech.

Chamber of commerce secretaries of that type have gone. The chamber executive of today no more resembles his legendary forebear than a modern surgeon does the medieval surgeon. Training and technique have metamorphosed the town-greeter's job into a serious professional task.

The modern chamber of commerce has two distinct functions:

First, it acts as spokesman for the business community and translates into action the group thinking of its constituency.

Second, it renders specific services of a type that can be most effectively rendered by a community organization to both its



membership and the community as a whole.

Functional activities of the latter type a few years ago constituted the principal reason for the average chamber's existence.

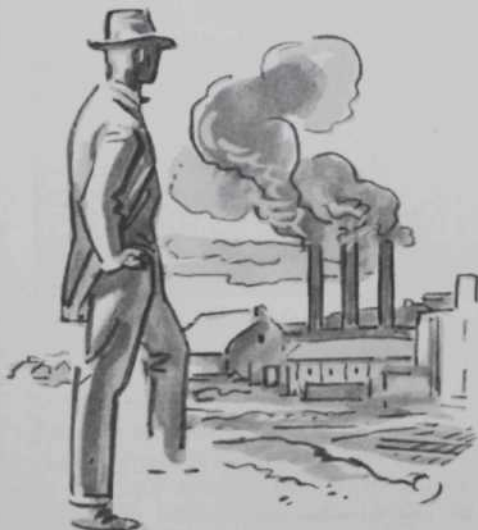
A new line of activity

BUT the changes that have taken place in the social and economic order in the past few years have required a reorientation of chamber of commerce activity. Hence, development of an enlightened public opinion—and particularly business opinion—on subjects of legislation and social changes constitute today the prime function of most chambers of commerce.

There is a growing appreciation among business men that fallacious theories of social and economic planning, increased governmental regulation of business, financial administration, and taxation, can only be met by

superior research and better organized dissemination of the facts. The chamber of commerce, being composed of local business men, possessing in large measure the confidence of their friends and neighbors, is preeminently fitted for this task. Moreover, it is customarily equipped to do the job through having on its staff one or more trained executives who couple up a thorough understanding of the principles governing organization and the building of community opinion with a profound knowledge of the local situation.

An illustration might be helpful. A certain mid-west city needed storm sewers. The city administration, operating under a recently adopted commission-manager plan, three times proposed bond issues to cover construction of the main trunks. Each

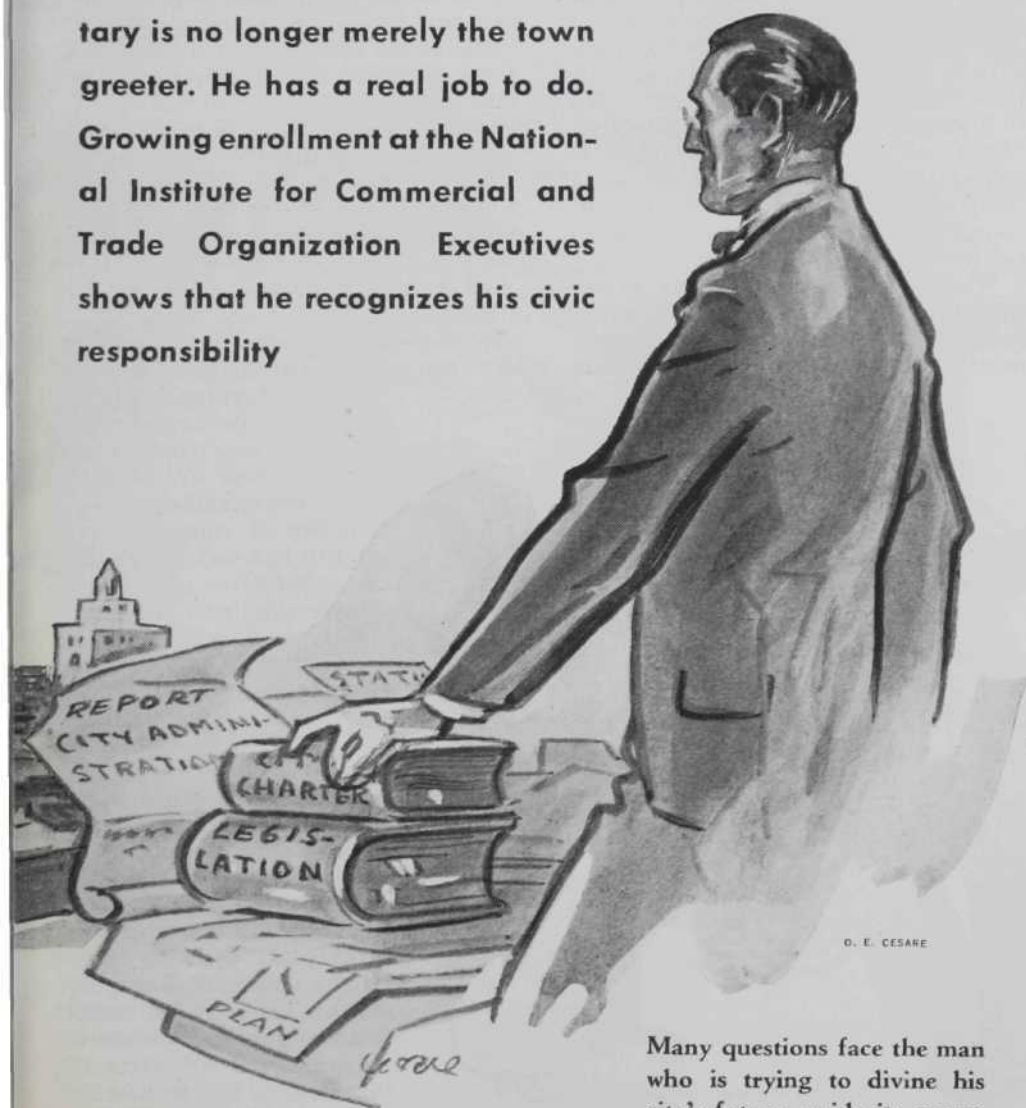


How will industrialization of the South affect the North?

Service in a Single Generation

By JOHN C. BEUKEMA

THE chamber of commerce secretary is no longer merely the town greeter. He has a real job to do. Growing enrollment at the National Institute for Commercial and Trade Organization Executives shows that he recognizes his civic responsibility



Many questions face the man who is trying to divine his city's future, guide its course

time the issue was defeated. Then the city fathers asked the chamber for help.

It swung into action. A test check revealed that many of the citizens were convinced that the existing combination storm and sanitary sewers were doing the job effectively and that a duplication of the sewer system was an unnecessary waste of public funds. A campaign was outlined to explain the functioning of storm sewers, problems arising in disposal of sewage and other points at issue. It was carried into every neighborhood in the community.

As a result the bond issue was approved by a large majority. An enthusiastic city manager publicly declared:

Henceforth I know the difference in functions between a chamber of commerce and a city administration. We are the production department, you are the sales department. Neither of us can operate without the other.

From the opposite angle, many chambers of commerce have successfully fought rising governmental costs and increasing tax rates by developing an intelligent public opinion on the

subject. Budgets have been analyzed and ways found to cut expenditures. These suggestions have been sold to the city government, not by duress or political pressure, but on the straight merits of the proposal. City governments like that kind of cooperation.

The up-to-date chamber

THE modern chamber of commerce secretary knows his community as the average physician knows his best-paying patient. Any disturbances in the agencies through which new wealth is brought into the community and assimilated receive his immediate and attentive concern. He has a deep and professional interest in its transportation facilities—both local and external. He has a corresponding interest in the trend of public opinion in the community. City and school finances, legislation, cultural and recreational facilities of the community—all these are subjects on which he is thoroughly informed.

Thirty years ago this was not true. Those were the days when the chamber of commerce was a haven for real estate brokers, lawyers without clients, ex-mayors, and politicians of all sorts. Outside of metropolitan centers, the secretary generally held a part-time job. There were no standards, no program, no background of experience. Industry hunting was the chief activity, and industrial promoters thrived.

From these slender beginnings, the movement toward the departmentalized chamber, with definite program and definite functions, adhering to established standards, crystallized about 1915 and has gained momentum with each passing year.

The first step in this evolution was the recognition of the chamber of commerce as the central civic agency of the community. Emphasis was placed on civic development as distinguished from industrial development and pure business service. Membership was broadened to include citizens of all types, particularly those in the professions. Civic loyalty was preached with an almost evangelistic fervor. Dues were increased to the present common figure of \$25 a year for an individual membership. The multiple or plural

membership plan for corporations was evolved. Memberships were made continuous, rather than renewable year after year.

Then came the war and concentration on war activities. The chamber of commerce movement grew rapidly in this period, because of the demand for a central civic agency which could lead and direct various drives for funds, including Liberty Loan campaigns, Red Cross and Y.M.C.A. drives. Many chamber secretaries also functioned as fuel and food administrators, local chairmen of the labor reserve, and in like wartime capacities.

After the war there was a necessary realignment. During the 20's the chamber of commerce gradually developed as a service agency to business. This did not imply an abandonment of its civic functions, but it did imply recognition of the fact that, fundamentally, the chamber of commerce exists to serve business men. Chambers organized traffic departments, credit bureaus, wholesalers' divisions, foreign trade bureaus, safety divisions, better business bureau services, tourist and resort departments, governmental research bureaus, and various other forms of specialized service to business. Most of these required men with special training as administrators. Thus the chamber executive was gradually developing a professional rating and atmosphere.

New functions

THEN came the depression. Once more changing conditions forced a modification of chamber program and activities. With the passage of the National Recovery Act, the Agricultural Adjustment Act, and scores of other measures affecting business, interpretation of government to business and conversely of business to government, became almost overnight the most important function of a chamber of commerce. It remains so today.

Constant change, therefore, governs the secretarial profession. There is no place for the classicist.

The past two or three years have created still another problem, particularly in industrial communities. That is the maintenance of sound labor relations. Only a few chambers have ventured into this field, but indications are that more will follow. Foresighted business executives recognize that the future of the average industrial community is more bound up with the maintenance of sound labor relations than with any other single factor.

Business looks to the chamber of commerce for leadership to meet this new problem. Chambers in industrial communities are responding whenever their help is asked. Outstanding jobs are being done in such widely remote centers as Seattle, Memphis, Toledo, Utica, Chattanooga, and Sacramento. Many national firms which are spending thousands of dollars on programs of this character will find that chamber executives in cities where they have branches can give them valuable information as to why certain promotional material written to stimulate good will is missing fire. Cities are as individual as people; Grand Island, Neb., has a vastly different outlook on life than Jersey City, N. J. Combining an intimate knowledge of the thinking of his individual clientele with understanding of the principles of mass psychology, the average chamber of commerce secretary can give shrewd counsel to men behind drafting boards in metropolitan offices. To illustrate:

When the strike boom was at its height in the Lakes belt in 1937, a certain city in the strike area went along month after month without a serious

chamber secretary was asked by mutual consent to head the mediation committee. Understanding is the essence of sound labor relations, and the average chamber executive is better trained to bring about such understandings than the average lawyer.

Compromises on economics

MANUFACTURERS, retailers, professional men, and agriculturists, all have characteristic and varying viewpoints on many a public problem. To assist men of such diverse opinions to reach sound conclusions requires not only tact but a clear understanding of fundamental principles applicable to a given situation and a capacity to present these in a manner that will not offend the most sensitive person or irritate the most positive.

Farmers, for illustration, demand a public retail market for farm products. Retailers oppose. What mutual concessions are necessary? Under what formula can a profitable operation be maintained?

Scores of chambers of commerce have met and solved this problem.

Bank closings, N.R.A. codes, controversies between rail and trucking interests; these are only a few of the situations which chamber of commerce ingenuity has met to the entire satisfaction of both its membership and the community as a whole.

Sometimes substantial citizens raise solid objections to a project of real value to a city. A typical illustration is the famed annual Tulip Festival held at Holland, Mich. In that characteristically Dutch community an Irish chamber secretary, who perceived the Tulip Festival idea was a "natural," built the event into an outstanding success which annually attracts several hundred thousand persons from all parts of the country. But he had his difficulties. The good Dutch burghers of Holland, venerating their native land and national flower, were happy to cooperate by planting tu-

lips—a half million of them—in every available plot. But, being deeply religious, they deplored the Sunday holiday crowds that swarmed in upon them. Tactful administration, coupled with proper respect for religious faith, eventually won united community support.

Where do chamber of commerce secretaries come from?

(Continued on page 56)



Twenty years ago the secretary generally held a part-time job. There were no standards, no program

disturbance. The reason was that, without any fanfare, the chamber of commerce of that city had arranged weekly conferences between local labor leaders and business executives, where threatened troubles were ironed out in an atmosphere of mutual confidence and fair play.

When a labor dispute in one of the plants finally brought about cessation of employment and picket lines, the

That's Where Your Food Money Goes

By ROBERT W. GORDON



The largest car icing plant in the world maintained by Pacific Fruit Express. It can handle 80 cars at once



First step in preparing fruit is picking. Special clippers must not cut rind but must not let stem protrude



In winter, heaters replace ice in the cars' bunkers

"THEY'RE robbing you," Cousin Milton maintained when I took him around to my neighborhood grocer's for a bit of marketing.

"Seven cents a head for lettuce! Oranges 23 cents a dozen! I can show you acres of the stuff rotting in the fields, yet prices are so high here people can't afford to pay them."

Cousin Milton, you see, teaches economics in a California high school, considers himself something of an expert on the subject.

He visited us on his way to the World's Fair, and lost no opportunity to propound his theory that the system is all wrong.

"The oranges and lettuce were grown in your state," I reminded him. "That's 3,000 miles away."

"I suppose I could get those things

cheaper if I went to California for them."

"That's the point exactly," he agreed. "Distribution costs are too high. Too many people in between are taking out excessive profits."

Who gets the profits?

I'VE heard a lot of that sort of talk lately, so I decided to get to the bottom of it. Just who is making a big profit on what I eat? Just who could be elim-

inated in the present distribution system? Here's what I found out:

The jobber, the man in the middle, sets the price at both ends of the perishable deal. What you pay is a markup over the wholesale price. The grower receives what is left after selling and transportation charges have been deducted.

Let's take those 23 cent oranges and see who gets what. They're size 176, which gives 14.7 dozen to the box, or \$3.38 a box at retail. Here are the

charges that went into that price:

Retailer's margin	\$0.73
Jobber's margin	.20
Trucking (most cities)	.05
Auction commission	.048
Freight and ice	1.108
Sales Commission (Cal. Fruit Growers Exchange)	.087
Advertising	.05
Picking	.126
Hauling (from orchard)	.038
Packing	.49
Left for grower	.453
The price you pay	\$3.38

A five-year average compiled by the California Fruit Growers Exchange shows the cost of growing a box of oranges as 51 cents, so the grower actually lost six cents on the deal. With lettuce at seven cents a head, the grower is doing somewhat better, as this breakdown shows:

Retailer's margin (box of 5 doz. heads)	\$0.95
Jobber's margin	.25
Trucking (New York)	.125
Freight	1.40
Top icing	.083
Broker's commission	.065
Cost to grow and pack	1.10
Profit to grower (net)	.227
The price you pay	\$4.20

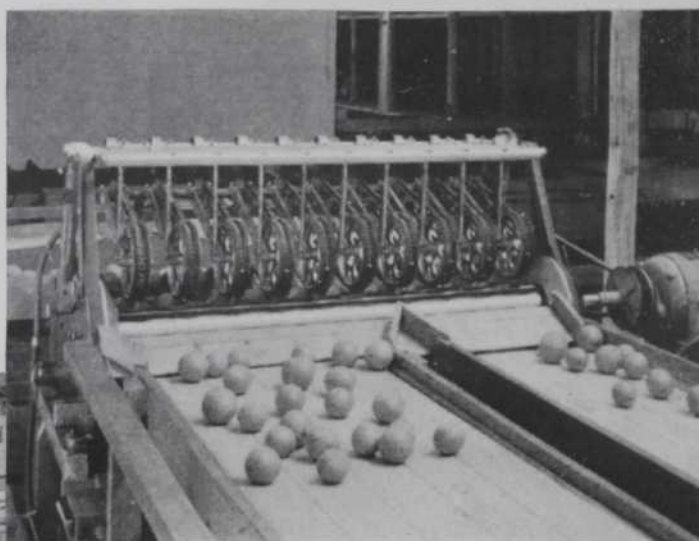
that the raising of vegetables is usually a large-scale undertaking in California. These big growers do their own packing, often maintain their own salesmen in eastern marketing centers. Thus they not only participate in intermediate profits but, by their competition, hold down profits taken by others for these services.

Practically all California oranges are packed by cooperative associations to which the growers belong. These associations are locals of the California Fruit Growers Exchange or the Mutual

Orange Distributors. The packing houses are operated without a profit to any one, the cost being pro-rated among the members according to the amount of fruit they ship.

The average cost of packing is 49 cents a box. For this sum, the oranges are exposed to a non-poisonous gas to give them a uniform color. They are then tumbled into a huge machine which washes them in warm, soapy water, rinses them, dries them with a blast of hot air, and coats them with a
(Continued on page 62)

While passing from grader to sizer each fruit passes under this machine where name is stamped on



This streamlined unit washes, dries and gives each orange coat of wax



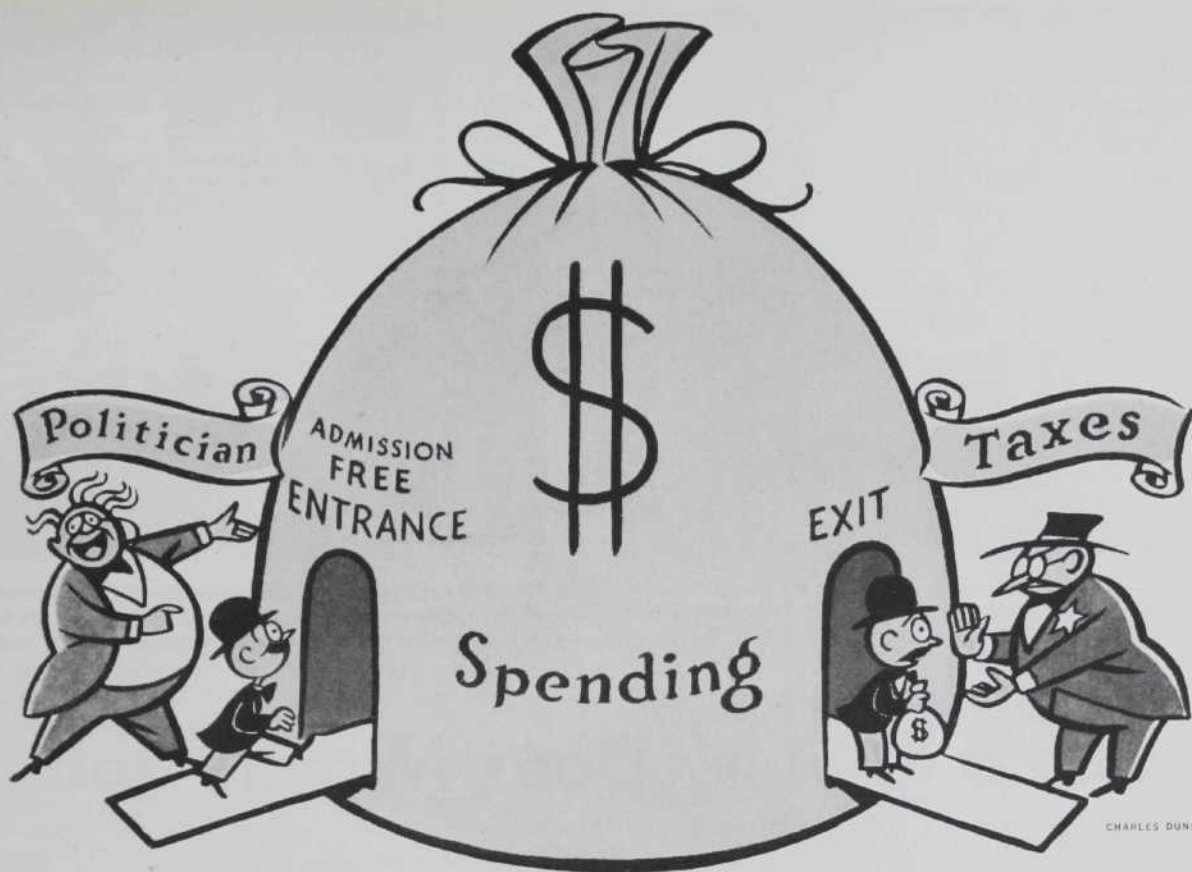
A typical modern citrus packing house. Grading table is in the background, packing in front

These figures show the actual spread between grower and consumer on the produce market of May 13, 1939, at Washington, D. C. But prices vary widely from day to day and from place to place. The only constants for any particular city are freight and trucking. The percentages taken out by the Exchange and the fruit auctions remain fixed, but the amounts vary with the market.

Having discovered who gets what, let's see what service each renders for the cut taken.

We have yet to hear any one argue that the grower receives too much for producing the crop, so we can pass him by. It might be well to remark, though,





Every one has to pay for the money government officials spend

The Catch in Public Spending

By WADSWORTH W. MOUNT

MANY PEOPLE think that, when the federal Government spends a few billion dollars more each year than it collects in taxes, the resulting government debt will be paid by future generations. However true it is that future generations will have to pay higher taxes because of the increased national debt we are creating, it is equally true that every one alive today is paying for part of this expenditure right now. This is particularly true if you own a savings bank account or a life insurance policy, where you now get only about one-half of the interest you received from such investments before the Government started to finance large annual deficits by issuing billions of additional government bonds.

For instance, supposing you had \$5,000 in the savings bank in 1930. At that time you would have gotten about four per cent interest on this,

ALTHOUGH your children will eventually have to pay the debts the Government is accumulating, every one with a bank account is paying now

or \$200 a year. At that time the savings banks could safely lend this money of yours to private individuals or businesses at five or six per cent. This allowed them to pay you the four per cent, and still have enough to pay the expenses of running the bank. Today you can only get about two per cent interest on a savings account.

Why is this; and how do these government deficits and the issuance of additional government bonds bring about lower interest on savings accounts and life insurance investments? The answer is comparatively simple.

When the Government wants to spend more money than it gets in

taxes from the people directly, it prints government bonds for the difference.

Now if you own a government bond, or if the Government owns a government bond, it is just as easy for either of you to get cash for

it from a bank.

A banker knows that, when the United States Government prints a government bond, it says in effect that the Government will tax the people of the United States to make it good.

He knows, therefore, that government bonds are the soundest security in the country, so long as we do not issue too many of them.

Now if you take a \$1,000 government bond to the bank you can sell it and draw approximately \$1,000 in checks against it. Likewise, if the Government takes \$1,000,000,000 worth of government bonds to the

(Continued on page 45)



Here is one of the 323 field offices with applicants for Social Security numbers. Women made 2,100,000 of the 5,700,000 applications sent in during 1938. There are now 42,000,000 names registered



This is the review section which must handle correspondence with field offices, employers and employees. Their primary job is to try to correct errors that have been made on applications or employers' returns

Business Ingenuity Does Miracle Job

By R. L. VAN BOSKIRK

THE WAGE records of more than 42,000,000 American workers are recorded in the Government's Bureau of Old Age Insurance building in Baltimore. An area larger than a football gridiron is necessary to park the various batteries of machines through which the records pass. About 4,000 civil service employees handle the millions of wage items reported by the country's 1,800,000 employers.

The mechanical procedure by which this mass of records is tabulated and checked and the almost negligible possibility of mechanical error might be considered as one of America's seven wonders of the Machine Age.

This electrical accounting machinery sets up an account for every individual to whom a social security number has been issued, maintains identifying records and files, and

posts to these 42,000,000 accounts, every penny of wages that employers report.

The key to the equipment is a tabulating card which is punched with small holes, each representing a figure or fact concerning the individual for whom the card is made. The holes are made by punch machines so that they will match similar numbers and facts in the record file. By means of electrical contacts made through the punched holes, these cards actuate and control the automatic machines into which they are placed—machines which transfer the punched information in printed form to such final records as indexes, registers, ledger sheets and current operating reports.

To trace the progress of a typical account among the 42,000,000 registered, let's see what happens to the record for Jean Richardson (imaginary), secretary for Harry E. Smith, a movie theater proprietor in Spring Valley. There



1. In a phonetic index all names are filed according to sound. Thus all Snyder, Schneider, Snider, Sniter (over 30 combinations) are together. Any person's number can be found in two minutes



2. Another file is made of every account number that is issued and kept in numerical order for identification purposes when all information except person's number is missing

are, in fact, 47 persons by the name of Jean Richardson in the files at present and our Jean must be kept separated from the other 46. All information concerning her has been recorded in punch-hole form on a master card. Her name and identifying information has been printed on an alphabetical and numerical index and at the top of a ledger sheet by running the master card through the proper machines. Her earnings are recorded on an earnings or wage card. Before her monthly earnings are posted on her ledger sheet, every hole in that card must match up with the holes in other cards bearing her name and account number and no two persons can ever have the same combination—there is no danger that the electric machines or contacts will ever confuse Jean Richardson of Spring Valley with Jean Richardson of Valley Spring.

Cards carry all information

WHEN Mr. Smith's quarterly wage report comes in, Miss Richardson's, as well as all other employees' wage records, are punched on cards by a typewriter-like machine that makes holes instead of alphabetical characters, but each hole represents a figure or fact from Mr. Smith's report. When the individual totals have been checked with the grand total on the employer's report, the cards go to a sorting machine which arranges them in numerical sequence which is same sequence as the ledger sheets.

The magic of mechanical operation is almost unbelievably portrayed by the next process which is performed by a "Collator." This machine determines whether or not the employer has reported the correct name and account number for each employee. The punched-hole card on which has been copied the information submitted by Mr. Smith on his tax return for Jean Richardson—her name, account number and earnings—is placed with many others in account number order in one feed of the "Collator." The employee master cards for that area are placed in a second feed of the machine. The two sets of cards pass through simultaneously, at the rate of 480 cards, or 240 accounts, a minute. Each wage card must match the employee's master card—that is, the identifying holes must coincide—or the machine will throw them out. The rejected cards are reviewed, the nature of error determined and corrections made.

After the total earnings on all the individual cards for each ledger section has been balanced again with the grand total submitted by the employers, the wage cards and ledger sheets are taken to the posting machine.

As each wage card is fed into the posting machine, the



3. The operator punches a wage card containing the amount of earnings for every employee whose name is listed on the employer's report. Wage card information will be transferred to ledger sheet later



6. These machines post all information from the earnings card to the proper ledger sheet for each individual at the rate of 800 an hour. During operations the machine also adds total amount of wages posted



5. This machine arranges cards in numerical order so they will be in the same sequence as the ledger sheets to which the wage information is transferred as in picture at top of page



4. Operators are checking wage cards for correct monetary entry. The sum shown by adding the amount on each card must balance with total on employer's report. Machine stops if error is found

last four figures of the wage earner's account number appear in an indicator directly in front of the operator. He places the ledger sheet containing that same number in the machine and touches the starting button. By a completely automatic process the machine then copies onto the ledger sheet from the wage card, the employee's serial number; the employer's identification number; the amount of wages; the specified quarter of the year; ejects the sheet and indicates the serial number of the next sheet to be posted. During the posting operation the machine also accumulates a total of all wages posted, which must balance with the total predetermined by the posting proof. This entire operation is performed at a speed of 800 ledger sheets an hour.

Records up to date

MISS Richardson's record along with Mr. Smith's other employees is now up to date. Her employer reported the amount of wages paid to her in the last quarter of 1938 as \$325. The accuracy of her account number was proved, the

amount of her wages was posted on her ledger sheet and added to wages previously posted.

This record will be used to determine the monthly benefits due her when she retires upon reaching the age of 65, or to her heirs or estate if death intervenes.

There is a certain percentage of errors which the machines detect. For example, two per cent of the names submitted in the third quarter of 1938 had no number. Most of these were found by checking against previous records. Other inaccuracies must be cleared by correspondence. If an employer keeps no office record confusion will result and the Government will hold him responsible. Ordinary business practice of maintaining pay roll records is necessary to forestall this kind of difficulty.

The total maximum tax paid by employer and employee if the latter earned \$3,000 in 1937 would have been \$60. It cost about 25 cents per account to maintain the records for these 42,000,000 accounts. From every dollar collected, six cents has been used for administrative costs.



Collator is key machine. Both earnings and master card are fed in simultaneously—if name or number is wrong, earnings card is automatically kicked out

EMPLOYEE ACCOUNT NO.										EMPLOYEE NAME										DATE OF BIRTH										DATE ISSUED										DATE OF SEPARATION									
ACCOUNT NO.										NAME										DATE										DATE										DATE									
AREA GP SERIAL										FIRST MIDDLE LAST										MO DAY YR										MO DAY YR										MO DAY YR									
325143246										JOE										JOHNSON										52501060011112675																			
0000000000										0000000000										0000000000										0000000000										0000000000									
1111111111										1111111111										1111111111										1111111111										1111111111									
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FORM 9-A-R-2001

Here is the punched-hole card that is the key to this vast record-keeping project. By means of electrical contacts made through the punched holes, these cards actuate and control the automatic machines into which they are subsequently placed.

The card pictured here says Joe Johnson's number is 325-14-3246, his Soundex code number is 525, he was born January 6, 1900, is a male, white. Card gives date when it was issued as well as state from which it came. Each column of figures is numbered at bottom. Columns one through nine give his account number. First three indicate the state in which he applied for number, next two indicate groups of 10,000 (for convenience in filing), last four make up serial number. Columns 10 through 34 indicate employee's name. Two punches are used in each column to identify a letter in the alphabet; thus columns 10, 11 and 12 spell the name Joe. Only first three letters of

middle name are punched and only the first 12 in last name.

The applicant's code number is designated in columns 35 through 37. It is used to locate the individual's name by sound in the Soundex file. Columns 38 through 43 show the date of birth—the punched-out holes 01 indicating January; 06, sixth day of month and the 00 punch in columns 42 and 43 indicating 1900.

Column 44 shows sex—1 for male and 2 for female. Column 45 indicates color—1 for white, 2 for Negro, 3 for Mexican, 4 for Indian and continuing through the various races. Columns 46 through 51 indicate date card was issued and are punched in same manner as date of birth. Column 52 is used to distinguish between the master card and cross reference card and is particularly useful when two cards are entered for the same person as maiden name and married name. Columns 60 to 80 are not used.

No Business Can Escape Change

Despite the lure of vacations and other handicaps business continues to serve the people

1 • A SMALL fire extinguisher with a pistol grip handle and trigger-control valve is now available. It is a two-pound carbon dioxide model which can be discharged directly on a fire.

2 • FOR HEATING lines that handle heavy viscous oils there is an electrical system that heats from the intake pipe to point of use. It's thermostatically regulated.

3 • A COLD cleaning solution for motor blocks and other greasy parts is efficient, economical, easy to operate. The part to be cleaned is soaked and then rinsed.

4 • A NEW metal cleaner applied by brush and wiped off removes stains and oxides from chromium, copper, brass, silver, and other metals. It is non-inflammable, non-poisonous, contains no free acid or caustic.

5 • A SMALL portable photographic copying device makes positive prints direct from the original. Development is by chemical fumes so that no liquid touches the paper. The paper is available for blue, brown or black lines.

6 • A NEW varnish for paper and labels is said to be scuff resistant and waterproof. It is resistant to dilute acids and alkalies and alcoholic solutions. It is fire and explosion resistant.

7 • FOR INVALIDS there are now light-weight wheel chairs which are easily folded, yet sturdy. They fold sufficiently to be carried in an automobile, are available in several models with various accessories. They may be pushed or self-propelled.

8 • A NEW level, made of molded plastic, is said to stand up better under oil, grease, water, and other punishment. It is light weight, at the same time has permanence of form and color luster.

9 • AN ELECTRIC switch resembling the ordinary toggle switch and fitting the same base makes it possible to turn off the light and get into bed without stubbed toes and before the room gets dark. The lights continue to burn from a few seconds to a minute after the switch is thrown.

10 • AN ALL steel platform for lift trucks is now made with double corrugations which traverse the entire deck of the platform and down the legs. This method of corrugation is said to give exceptional strength.

11 • A NEW device serves as work bench, floor truck and lifter. The top can be run up or down and locked at any point between 28 and 42 inches from the floor to facilitate transferring work. It makes a rigid work bench and has sturdy running gear. Capacity is 2,000 pounds, but made larger or smaller.

12 • A NOVEL ash tray made of a molded plastic with a well rounded bowl has the rest for cigarettes and matches on a radius of the tray so that ashes and butts must fall into the tray.

13 • FOR SMOOTH, shockless transmission of power without any mechanical connection between driving and driven members, a fluid drive is now available for many types of application. The hydraulic fluid is oil.

14 • A WRITING pad with automatic illumination is now available. Removing the pencil from its rest turns on a small light which illuminates the pad only. Convenient for bedside use or telephone stand.

15 • A SIMPLE pulley for varying speeds on industrial machinery driven by multiple V-belts is now available. A spanner wrench easily makes the change. All grooves in the pulley change diameter equally.

16 • LUGGAGE for travelers is now made of stamped aluminum alloy. The cases are water-tight, air-tight, dust-tight—have rubber seal gaskets. They are light weight, have an attractive durable surface.



21 • A NOVEL bathing cap has a float on the back which is inflated as a balloon. It helps keep the head up, is particularly useful for learners and for water sports.

17 • A PORTABLE letter-folding machine which takes only as much desk space as a typewriter is made to handle up to 5,000 pieces an hour. It's available in hand-driven or electric models.

18 • A CERAMIC material is now made which can be machined for making models or small runs. It has good electrical and heat-resisting characteristics.

19 • LEAKAGE in automobile valves is easily tested by a new electrical instrument. Only the plugs must be removed; the instrument is compact, can be read by the customer.

20 • TO PREVENT washing away of dirt and seeds in lawns and roadsides before grass can be established there is a new fabric which effectively checks washing without cutting off sunlight or hindering growth. It's a loose-mesh fabric of rot-resisting paper twine.

—W. L. HAMMER

Editor's Note—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

The Railroad's "G-Men" Get Their

YOU seldom hear about the railroad police but in 20 years their detective work has made train robbery one of the pastimes smart crooks avoid

AN 11-YEAR-OLD boy in a Chicago railroad station asked for a ticket to Paducah, Ky. He paid for it, and got it. "Anybody with you, sonny?" asked the ticket agent.

The boy said he was alone. Before he was 20 feet from the ticket window, a station policeman knew about him and informed the railroad police. When he boarded his train, an unobtrusive officer also got aboard. At Paducah nobody met the boy, and he obviously didn't know what to do next. When the officer stepped forward and quizzed him, he admitted he had run away. He gave his home address. A wire was despatched, and it reached his parents before they knew he was gone.

Travelers by rail today in the United States and Canada, young or old, are under far closer protective supervision than most of them ever suspect. The same is true of rail-borne merchandise. Railroad protective departments are among the most effective police organizations on earth.

Consider: on several hundred thousand miles of rail there are some 2,000,000 cars, idle or rolling, containing thousands of passengers, and merchandise in a year's time worth more billions than the national debt. A terrific temptation for thine-is-miners.

As recently as 1920 there were not less than 1,000,000 individual acts of thievery on the railroads. It was common then for freight worth from \$1,000 to \$20,000 to disappear without a trace.

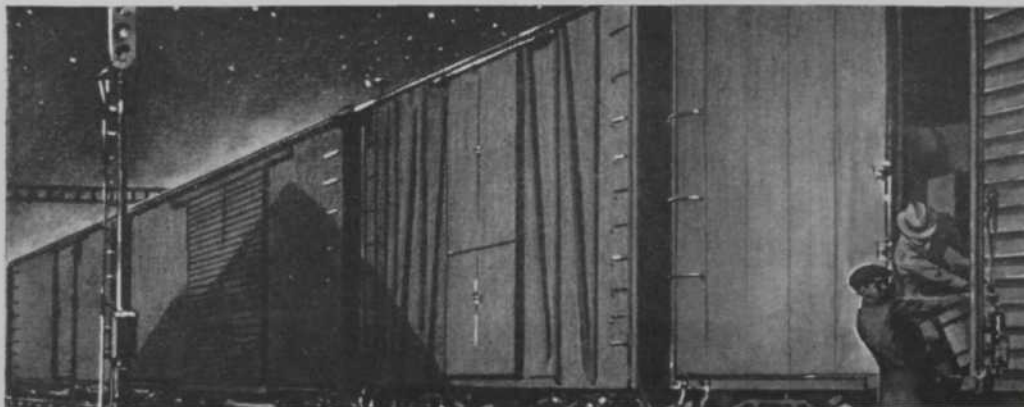
Candy losses alone cost railroads \$896,000 in 1920; automobile tire and accessory losses ran more than \$1,000,000.

That has all been changed. In 1937, the last year of complete statistics, the total loss by theft was just \$532,939, about \$2 a mile of rail per year, or \$0.018 per car shipped. By rough estimate, you can take or send \$100,000 worth of property by rail before you will lose as much as \$1 by theft. The robbery risk while goods are in railroad custody is said to be less than almost anywhere else.

A united front against crime

THIS is due to just one thing: smart police work on a nation-wide united front. Railroads compete for business; but they cooperate against crime. Each railroad has an independent police force, but the forces work together so well that, for practical purposes, they are a single force, 6,500 strong, guarding all railroads and express agencies. "G-men" of the rails, like Uncle Sam's G-men, never close the file on a crime until it is cleaned up, and they have the almost unbeatable record of 99.1 per cent of convictions in all cases brought to trial.

Once upon a time the railroads' war on lawbreakers was principally spectacular. When Tim Keliher, for instance, joined the Union Pacific 40-odd years ago, train robbers were nearly as common as radio comedians are today.



Men, Too

By Neil M. Clark



Tim had been a Nebraska sheriff. He was not only one of the earliest railroad police organizers, but he also became chief special agent (chief of police) on the Illinois Central and one of the best of the moderns, retiring only the other day.

In those early times he kept steam up in an engine night and day, ready on five minutes' notice to speed to the scene of a robbery with expert trackers, pick up the trail while it was hot, and follow the robbers to the end of whatever road they might take.

Some early officers relied on "out-toughing" the toughs. Jeff Carr, an old-timer who guarded the yards at Cheyenne, was known among hoboes from coast to coast as a bad *hombre* with a gun. Any hobo he took alive was sure to get six months in jail. If a 'bo ran, hoping to escape, Jeff would shoot. His aim was deadly, and it was said he rather liked to have them run. Tom Connolly, an early I.C. policeman in Louisiana, toted a monster .45, and could shoot the eye out of a needle with it; and when a younger officer asked him about the notches in the handle, Tom said grimly:

"Two more and I'll have me a jury!"

Modern railroad policing is less spectacular but more effective. It was in 1920, when theft on the railroads was reaching new highs, that the united-front period began, and the Protective Section of the Association of American Railroads was organized.

Police officers from different systems

The leader came downstairs shooting and got away—but not for very long

got together in national and sectional meetings. They began pooling information about criminals, crimes, and police methods, and developed a new *esprit de corps*. Railroad police still carry guns, but it's more important, they now say, to know when to shoot than how, and the smart thing is to have the situation in control so shooting isn't necessary.

Cars are checked carefully

FOR instance:

A crack merchandise train on the Milwaukee line leaves Chicago every night for the West Coast. It carries two police officers, one in the caboose, the other on the engine. When the train stops for any reason at all, both men hit the ground at the same time, one on the left, the other on the right. They walk along the train, inspecting seals, looking for anything amiss.

If the stop is long enough for them to pass each other, the officer who was riding the way car goes to the engine, and the officer from the engine takes the caboose; otherwise, they return to their original stations. At the end of the division, relief officers take over, each relief man inspecting the whole length of the train on one side with the man he relieves.

This procedure is followed clear across the country. On other trains and lines, procedures differ but whatever protection is needed, is provided.

For passengers too. There is not a through passenger train from Chicago to Seattle over the Milwaukee that does not have from one to seven operatives aboard at some time in the course of the run. All important passenger runs get protection of a similar sort.

If prevention fails, and a crime does occur, the railroad police stick with it



until death or the penitentiary do them part. The best weapon in a man-hunt, they say, is patience. They use all the help science can give—police laboratories frequently show who the criminal is, or disclose invaluable facts about him. But criminals, they insist, are not caught in laboratories; they are caught *because somebody is after them.*

There was a succession of butter robberies from refrigerator cars on the Burlington line between Chicago and St. Paul. The thieves left no clues; no fingerprints, no telltale fragments of mud or torn clothing, no marks of tools. Nobody knew, even, at what point the robberies were occurring. A tub of butter doesn't seem like much to steal, but it may be worth from \$30 to \$40, and many tubs mean considerable cash.

Tom Pratt, who was then chief special agent of the Burlington, gave the butter thieves to Bill Fairweather, one of his operatives. "Go and get 'em!" he said.

St. Paul and Chicago are about 400 miles apart. Any of those miles might be the "hot" one. Bill was thorough.

Check thoroughly

HE started at St. Paul and worked south, stopping at every point where thieves conceivably could open a refrigerator car. He found absolutely nothing to stir a thrill or a suspicion until he reached Rochelle, Ill.

Rochelle is about 100 miles west of Chicago. Burlington trains stop here for water. And here, away from the station, at a spot where there was no likely reason for opening a freight car, Bill picked up a broken car seal. Just one. Literally a needle in a haystack. But Bill was looking for needles.

That broken seal, he felt, justified careful research in Rochelle. Talks with business men got him nowhere. But he was covering every bet; on a plausible pretext, he undertook a house-to-house canvass.

It might have been energy wasted, as is so much railroad detective leg work. But in this case it wasn't. A housewife in the best residential section gossiped to him about her next-door neighbors. They were new, she said, and seemed nice, and they certainly had money, judging by the fur coat the woman wore. But there was something funny. Every so often a light burned in the basement and they seemed to stay up all night.

Another needle. A very important

one. For those people were the butter thieves.

The gang included two men and a woman who lived in the house, and a third man who came and went. They were watched. It was proved that they opened cars at the spot where Bill found the seal, and that they stayed up all night to repack the butter, which they sold to dealers glad to get it two or three cents under the market.

When Bill and a couple of local officers went to arrest them, one of the thieves stalled by insisting on his right to read every word in the warrant. This gave the leader a chance to come downstairs shooting. He wounded Bill and escaped, but his pals were taken. The leader's escape was only temporary. A year later he was apprehended in Michigan, living in a shack with a different woman, but still stealing butter. The judge sent him to Jackson Penitentiary.

J. Edgar Hoover's F.B.I. men are said to have visited 20,000 rooms to find one with a certain kind of wallpaper.



In a china closet a woman operative found the trays that had been shipped with the murder gun

They were after kidnappers, and a description of the wallpaper was the only clue the victim could give. Railroad police match that kind of diligence and write success after most of their cases, too.

A Los Angeles liquor dealer opened a car consigned to him, and found that seven cases of whisky had been stolen in transit. The car had come 2,000 miles across eight states, and it might have been opened at any of hundreds of stopping points. The sole clue was the seal

on the car; it wasn't the same one that had been put on in Louisville.

Car seals are manufactured by the tens of millions. Where had that one come from?

Checking records of car seals

AS PART of the routine care of shipments, railroads keep records of issue on car seals. Nevertheless, it took a lot of hunting to run down the fact that this particular waif had gone to a freight agent in Louisiana. He reported that it had been placed on a car of north-bound lumber. Had the car of lumber and the car of whisky ever been near one another? Even that question was answered.

At Fulton, Ky., they had passed momentarily, like ships in the night. Was it, then, possible that the theft had taken place there?

A man-hunt followed. The officers never caught up with the whisky, but they did find, and identified, one of the stolen shipping cases, and caught the thieves. They convicted one of them. The other, an escaped convict, was returned to his cell.

An express messenger was shot and killed in a baggage car between Milwaukee and Chicago. The only clue was the death gun, which the murderer dropped in a taxi while making his get-away. This might seem to be an excellent clue. But consider: the gun was a brand-new imported automatic of Spanish make, apparently stolen, and nobody had the slightest idea who the thief was. There were no fingerprints.

Only infinite patience could have traced that gun. But patience did.

First there was a tiresome search through company records in New York. The importer who brought the gun into the country was located. From him the gun was traced to a Chicago mail-order house. There, however, the trail vanished. The Christmas rush was on. It was known that the gun had been

ordered by, and sent to, a Wisconsin hardware man; but he said he never got it. Who did get it?

No less than 95 truck loads of parcels went out of the branch post office in the same 24 hours as the gun. Nevertheless, the gun parcel was backtracked, and a list was prepared showing every person who could have handled it, among them an "extra" baggageman.

Now, the gun had not been the only
(Continued on page 58)



Benjamin S. Whitehead



Chester R. Hoag



Button, Button, Who's Got the Button?

By FRANKLIN P. ADAMS

SOMEbody was saying "You're Telling Me!" and somebody else said "Oh, but Definitely!" When I hear talk I visualize the words in print, punctuation and all. I saw those phrases, already corroded by the bromide-laden air of time, printed on buttons, like the things we wore on our coat lapels and shirtwaists, and later, in the peg top era, on our fly-front vests. It was in the decade beginning with the World's Fair—and we Chicago lads always will refer to it as *the* World's Fair—when I served a term as a button wearer. We all wore them, and the girls wore them too, and lots of the grown-up folks. The buttons had mot-

DRIVEN by a mild nostalgia, the columnist of the *New York Post* seeks out a business which left its imprint on his youth and finds it still going strong

toes, slogans, and catch-phrases; flags of all nations; Presidents from Washington to McKinley; Indian chiefs; flowers; actresses; bicycle riders and baseball players.

I remembered that the buttons were made by the Whitehead & Hoag Co., Newark, N. J., probably, I thought, out of business now that the button no longer flourishes. So, just for fun, I

looked in the New York telephone directory.

Sure enough, "Whitehead & Hoag Co., adv nvlts . . . 90 W. Bway;" and it was the work of a moment to learn that was only the New York office; that Whitehead & Hoag Co., Sussex Avenue and

First Street, Newark, was the main office and factory. Factory? Are buttons still made and sold? Yes. But not buttons exclusively. Buttons, medals, medallions, badges, airplane power calculators, desk and pocket calendars, letter openers, magnifying glasses, key tags, watch fobs, thermometers, tokens, coin purses, brushes, emblematic jewelry—name anything in what is

known as the advertising novelty line; the Newark firm makes it. And if it doesn't, it will be glad to.

In the button era of my youth we were all bicycle riders; our heroes were cyclists: A. A. Zimmerman (Raleigh), Eddie Bald (Barnes White Flyer), Tom Cooper (Monarch), and Jimmy Murphy (Tribune). Zimmie used to race at the track—later it became Comiskey Park, home of the White Sox—at Wentworth Avenue and Thirty-fifth Street. I wore a Zimmerman button.

I can remember the Cleveland and Thurman, and the Harrison and Reid buttons; the McKinley and Hobart and the Bryan and—let me think—Stevenson. But that is something of a mnemonic feat.

Mottoes

WHICH it is not to remember the motto buttons, because they burned themselves on my memory. We considered them snappy, those cliché slang phrases of the day. The first I remember were "If You Love Me, Grin," and "Let's Get Married Just For A Kid." And there were countless others, worn by boys and girls and men and women, from one to a dozen at a time, such as:

Boy Wanted
Girl Wanted

Nit
Just Tell Her That You Saw Me
Don't Be Woozy
Don't Pull My Leg
Tell Your Troubles To A Policeman
I'm In Love, Are You?
I Am Somewhat Of A Liar Myself; There Are Others
Twins
Never Touched Me
It's A Good Thing; Push It Along
Kiss Me Quick
Hush. You'll Wake The Baby
I Wouldn't Do A Thing To You

You're Not So Warm
Now Will You Be Good
Cough Up
I Am Not A Rubberneck
You Can't Lose Me, Charlie
Here's Your Hat, What's Your Hurry?
You're Not The Only Pebble On The Beach

All these buttons, and so many more of the sort that they can't be listed, were made by the Whitehead & Hoag Co. In campaigns they made them for both political parties—"I Am For Sound Money" and "Are You A Gold Bug? I'm Not"—just as they made millions of New Deal buttons and millions of sunflower emblems.

Buttons for everybody

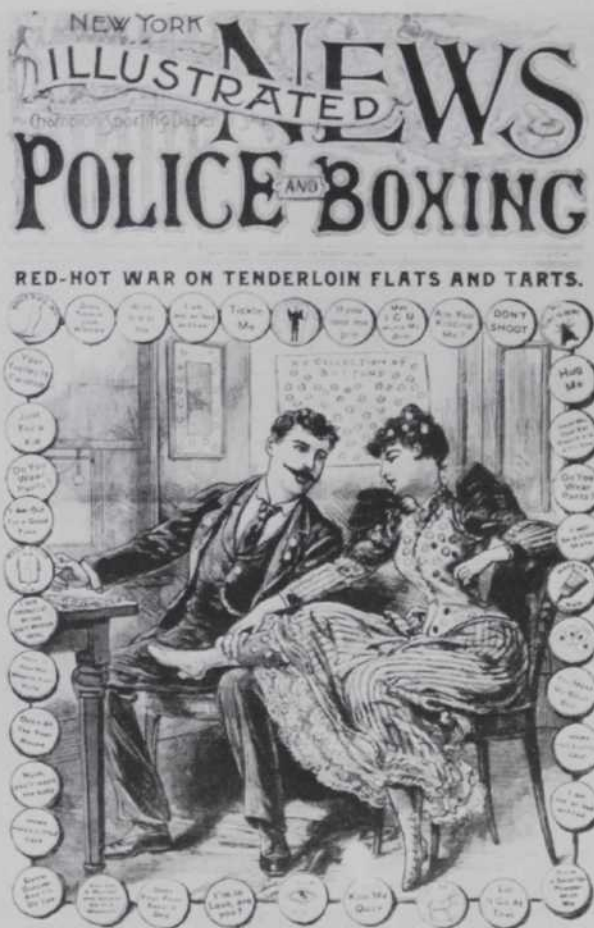
YOUR button manufacturer may be a little Liberal or a little Conservative, but his first duty, as the Harvard man said who bet on Yale, is to his family.

It seems that young Benjamin S. Whitehead, born in Newark, January 24, 1858, had a print shop exactly where the emporium of L. Bamberger & Co. now operates.

"My shop," said Mr. Whitehead, "took up less space. I printed programs for picnics and local parties; they wanted badges and I printed them on silk. Young Chester R. Hoag, on the same block, used to sell me twine. We became friendly, and first thing you know we formed a partnership."

In 1892 the Whitehead & Hoag Co. was incorporated. Mr. Hoag died in February, 1935, and until then they had been working together in harmony and friendship for 50 years. In 1919 the company reorganized, Walter C. Heath becoming president and Mr. Whitehead

(Continued on page 52)



SHE HAD BUTTONS ALL OVER HER.

At the height of the craze, in 1896, buttons even interfered with this gentleman's romance



ILLUSTRATIONS FROM CULVER SERVICE

The Whitehead & Hoag plant of today. At left, the factory as it appeared in 1892 when the company was incorporated

MEMO...

for Busy Readers

1 • More graduates get jobs 2 • Gifts for health 3 • "Business tree"
4 • Oil workers need high investment 5 • Taxes take 22 per cent
of national income 6 • Bible continues best seller

Market For Sheepskins

WHAT chance for a job has this year's college graduate?

Better than last year's on the showing of 100 institutions included in a national inquiry. Sixty-three said employment calls were definitely greater; only 14 schools reported employment demand lower this year; 23 saw about the same number of job calls.

Based on spring demand, 57 of the colleges estimated that 80 per cent or more of their June seniors would be hired before the end of 1939. Several saw ample demand to provide jobs for all graduates seeking employment.

Technical and industrial concerns are active bidders for new personnel this year, with aviation showing the greatest expansion in requirements. Accounting and sales promotion jobs were offered by a wide diversity of manufacturing, wholesale and retail concerns. Various phases of governmental work provide the bulk of the placement opportunities for several schools.

Starting salaries are at approximately the same levels as last year, generally ranging between \$95 and \$135 a month, with some outstanding seniors getting offers of \$175.

This information resulted from a survey of employment demand made by the Northwestern National Life Insurance Company.

Objectives of Foundations

MEDICINE and public health for the first time outranked education as beneficiaries

of American foundations. For medical research, medical education, erection and support of hospitals, and related activities, 243 foundations granted in 1937 to individuals and institutions \$13,495,898 or more than one-third of their total disbursements of \$38,500,000. Figures for 1938 are not available. An intensified interest in medicine and public health is further evidenced by the establishment of new foundations created specifically to assist in this field.

Education, for many years the foremost concern of foundations, dropped to second place and received one-fourth, or \$9,170,318, of the total gifts. Other leading fields in which foundations subsidize projects are, in the order of their importance by grants: social welfare, \$4,695,880; physical and biological sciences, \$2,253,298; government and public administration, \$1,710,598; economics, \$1,

353,386.

Thirty-nine of the 243 foundations each made total grants of \$100,000 and more in 1937. Of these, the General Education Board led the list with disbursements of \$9,716,277, a figure due in part to the policy of liquidation adopted by the organization's directors. Rockefeller Foundation ranked second with \$8,996,016; Carnegie Corporation of New York third with \$3,695,534.

Thirty-one of the foundations making the largest grants also reported their grants in 1934 and 1931. Of these, 22 made more sizable disbursements in 1937 than in 1934.

Totals were revealed in a survey made by Raymond Rich Associates in collaboration with staff of the Twentieth Century Fund.

Fate of a Sales Dollar

FIRST annual report to its 200,000 employees by General Motors shows sales

dollar as a "business tree." Total sales are split into various outgo items, the size of the branches of the tree indicating the relative importance of each. Materials, supplies, freight, and the like account for 50.6 per cent. All wages and salaries, other than those of executive management, are second in importance with 28 per cent.

The complete sales dollar outgo includes:

Materials, supplies, freight, etc.	50.6%
Wages, salaries other than executive management	28.0
Taxes	6.9
Dividends	6.9
For renewal of plants and equipment	4.4
Left in the business	2.7
Pay of executive management	0.5

Capital Back of Oil Workers

AVERAGE investment back of the nearly 1,000,000 workers in American

petroleum industry is \$18,400. Highest investment per worker is in production where it averages \$47,000; lowest is in marketing, with average figure at \$6,000.

Total investment in this industry, approximating \$15,000,000,000, has almost doubled in the past 16 years, is rapidly increasing by constant replacement of relatively new but technically obsolete equipment. Introduction of improved refining processes has required new investments which in 1939 will reach an

estimated total of more than \$100,000,000.

Because of high ratio of investment per worker, and less seasonal demand for products, continuity of employment is much higher than average for all manufacturing industries.

Weekly earnings of employees are higher than the average of all manufacturing industries. Weekly earnings of refinery workers are 40 per cent above the all-industry average; production workers earn 37 per cent more each week than the average worker in a manufacturing industry.

(From a statement by the American Petroleum Institute)

Taxes Eating National Income

BIGGER share of national income went in 1938 for taxes than in any other year.

Twenty-two cents per dollar of national income is tallest figure ever recorded, topping previous peak of 17.7 cents attained in 1937.

While tax collections have mounted steadily since 1933, national income also rose each year until 1938, so that ratio of taxation to national income remained near 17 per cent throughout the five-year period. Last year, total collections rose 11.4 per cent higher than in 1937, but national income dropped more than ten per cent.

Increase in tax collections has been so rapid that, even if the national income in 1938 had remained at post-depression peak of nearly \$69,400,000,000 reached in 1937, proportion taken by taxes would still have been considerably higher than ever before—at just under 20 cents per income dollar.

During the 'Twenties ratio of tax collections to national income averaged about 12 per cent. At the 1938 level of taxes, a national income of \$114,000,000,000, or almost double that of last year, would be required to restore that ratio.

Federal collections took an increasing proportion of the tax total in recent years, rising from 22.0 per cent in 1932 to 43.3 per cent in 1938.

Figures appear in a report issued by the National Industrial Conference Board.

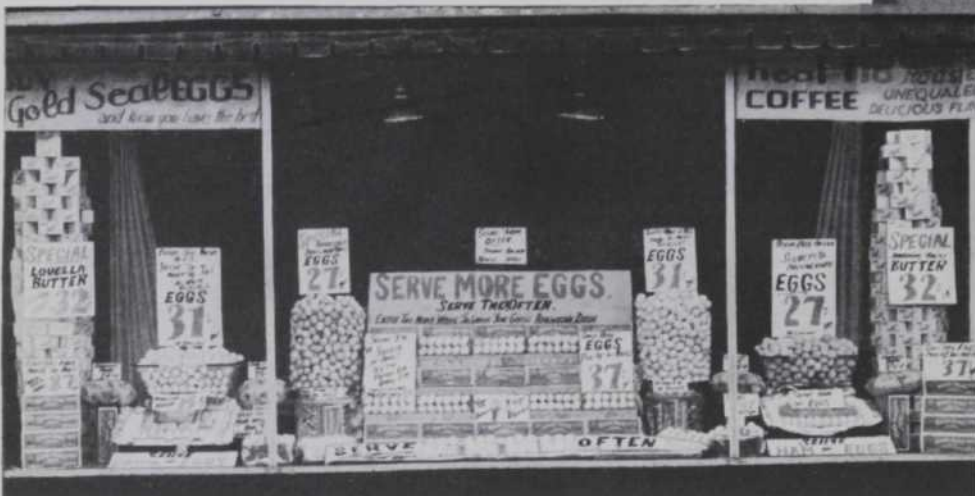
No Sag in Bible Sales

ANNUAL report of the American Bible Society reveals that the Bible out-sold

Hitler's "Mein Kampf" in Germany last year by 200,000 copies. Also, that China with all her appalling needs bought more complete Bibles from the Society than ever in her history, about 20,000 a month for the last five months of 1938. Japan increased her purchases by about ten per cent over the year before.

The Scriptures moved into a dozen new languages in 1938, bringing the total number of tongues in which some part of the Scriptures have been translated to 1,021. Nine-tenths of the people of the world, by the Society's estimate, might hear some substantial part of the Scriptures read in their native tongue. An annual circulation during 1938 of approximately 7,000,000 volumes. The circulation for last year was 6,970,757 volumes in 182 languages and in more than 40 countries.

Private Enterprise Lends Aid to Free Distribution



Blue stamps enable relief clients to make free purchases of butter and eggs which are listed with six other products as surplus commodities

LAATEST and most successful masterpiece of "ballyhoo" by Government has been the Department of Agriculture's handling of what is virtually a two-price experiment which was inaugurated with Rochester, N. Y., serving as a test-tube city. Department press agents had so skillfully commanded attention in their bid for public interest that their endeavors brought widespread news stories, news photos, news film recordings, and attracted a host of observers from various places, nearly all of whom were taken in hand and educated in the art of surplus distribution by government men.

What the various observers thought has not yet been made public in its entirety although retail and wholesale grocers cooperated with the Government in working out the details of the plan and most of them believe that any plan whereby the distribution of surplus commodities is made through private enterprises rather than by Government is a step in the right direction.

Critics point out that it will cost the Government more to handle food for relief clients in this manner instead of going direct to the producer and buying in wholesale lots for later distribution to the needy. But it might also be pointed out that, in a \$10,000,000 appropriation for surplus clothing last summer, \$400,000 of the amount was allocated to transportation and warehousing alone, thus indicating that not even the federal Government can eliminate the cost of moving goods from producer to consumer.



Other products may be designated as surpluses by the Secretary of Agriculture

The plan provides that any family receiving relief or W.P.A. wages may buy a minimum of \$1 worth of orange stamps each week or a maximum of \$1.50 worth for each member of the family. For each \$1 worth of orange stamps bought, the Federal Surplus Commodities Corporation gives the purchaser 50 cents' worth of blue stamps.

Congress makes available an amount equal to 30 per cent of the gross receipts



Rochester families who are on relief get permits to use food stamps

from customs duties for purchase and distribution of surplus commodities. For the fiscal year ending June, 1939, the amount approximated \$100,000,000. For the fiscal year ending June, 1940, the House has asked for \$113,000,000 and the Senate boosted it to \$203,000,000, but neither bill has yet passed. These amounts are in addition to the \$100,000,000 made available from customs receipts.

Originators of the plan hope that it will stimulate competition among retail stores, increase the volume of sales and thus lower the unit costs of handling foodstuffs so that consumers not on relief will also benefit as a result of the plan.

General conclusions advanced after the experiment was only a few days old were that the grocers in relief areas were doing more business; relief clients were glad to get the extra purchasing power and would rather buy surplus commodities in a regular store than carry them home from a distribution depot.

Many producers have opposed the idea ever since it was proposed. They dislike the idea of making goods available to the public at two different prices. They fear it will provide another excuse for government interference in business and, furthermore, that the stimulated distribution of surpluses will result in decreased demands for other products. Other critics point out that, if the plan works, it will be more difficult than ever to stem the government handouts because all those who are benefiting in a commercial way from surplus commodity distribution will be just as enthusiastic for the perpetuation of surplus sales stamps as the relief clients themselves.

—R. L. V.

Washington and Your Business

New Strip-Tax Act Promised

WASHINGTON hostesses are again finding Dr. Rexford Tugwell in their teacups. If it isn't indelicate to mention it, Dr. Tugwell is the author of the plan to build de luxe homes for de little incomes, which cost the government about as much as a first rate Indian war. The assumption is that he has a new idea for money spending which will come in handy during the dark days of 1940. Those who meet Dr. Tugwell socially are warned that neither (A) Greenbelt nor (B) taxes are considered hot as conversational topics.

King Charles's Head in Again

THIS department regrets its apparent inability to keep from talking about Tommy Corcoran. It shares this lack of restraint, however, with a number of eminent New Dealers, who find Mr. Corcoran as prevalent as the weather and sometimes as unpleasant. He is the chief of the small inner ring which plans to send delegations of officeholders to the 1940 convention. There are two reasons why this reported plan is not turning gray the hair of James Aloysius Farley. The first reason is that he thinks the 1938 purge demonstrated what happens when Washington tries to interfere with the state organizations. The second reason is purely personal to Mr. Farley.

First Run of Statistics In

THE man who is professionally regarded as the most desperately accurate of political statisticians said: "On the basis of my latest inquiry the Republicans would have a slight majority in the popular vote if a national election were to be held today. But the Democrats still have a slight edge on the electoral college." Thought you might like to know.

Is It Like the Prohi Rebellion?

CYNICAL New Dealer said: "I think the Social Security plan is doomed. People do not like it. No law can be enforced in this country against public sentiment. Remember what happened to prohibition." He said that, in New York City alone, the Department of Justice is 3,000 cases behind in its attempt to make small employers pay and collect the tax and is getting farther behind each day. "Whatever the D. J. may say about it, I know. New York is only one city. If that tax rebellion spreads Soc. Sec. is a gone gosling."

Morgenthau Has Closed Window

REPORT now is that Henry Morgenthau will not jump out of that Treasury window, hand in hand with John W. Hanes. Aided by Sen. Pat Harrison and the small group of stalwarts in the Senate, and the sturdy chiefs of appropriations in the House, Morgenthau was able to force the President to accept a mild and harmless tax program. But the story comes from the small inner circle that one of these days the Secretary will get one of those fatal letters beginning: "Dear Henry," and 15th and Pennsylvania Avenue will know him no more. The President, say the inner circlers, has forgiven Henry, but he never can forget.

Just to Keep Record Straight

NOW that Geronimo is dead it may be that we will never need our army again. But for the sake of the record it may be noted that if the manufacturers of the United States got the contracts to make all the things the Army desperately needs happy days would be here again. Rifles, guns, trucks, blankets, pants, automobiles, belts, overcoats, shoes.

We're Hell-Bent for Inflation

HALF A DOZEN practical economists recently interrogated agreed that: "The stage is set for inflation. We cannot get away from it. Reasons why: continued public spending, 1940 political demands, calls from cities and states for federal aid, certainty that taxes will be upped." Prophets give no dates.

Knocking Horns Off Congress

SOME few congressmen are unhappily studying the proposition advanced by A. A. Berle, Jr., for the creation of a public works finance corporation to finance "self liquidating federal operations" such as roads and hospitals and power plants. Such a corporation would be authorized to sell bonds direct to the public, as some of the federal corporations are now permitted to do. This would permit an apparent scaling down of the national debt, for such enterprises as T.V.A. and Bonneville and Boulder Dam and the like could be moved into the new corporation. The actual debt, of course, would be unchanged.

Ickes Might Be House of Lords

WHAT gripes the studious congressmen most, however, is that such a scheme would still further reduce the apparent value of Congress in the Constitutional plan. Secretary of the Interior Ickes is at this writing putting up a pretty clamor to be named as head of the proposed new Federal Works Agency, in which all federal relief and construction agencies will be placed. If through Berle's proposed financing corporation Mr. Ickes could finance for himself all the new ideas he could think up, without any reference to Congress, that body might just as well go to raising pigeons.

N.L.R.B. Turns a Spotlight

THE EXTENT to which Congress has already eviscerated itself has alarmed many of the more thoughtful members. After enduring a heavy fire for months, Chairman Madden of the National Labor Relations Board has announced that employers are to be permitted to petition for elections to determine the governing group among their employees. Nothing has made more labor trouble than the Board's previous refusal to give employers this right. Madden's ruling seems to some congressmen an amendment of the Act in effect. They had thought heretofore that only Congress can amend. Meanwhile there

is nothing in the Act to keep Madden from changing his mind.

Score One for Sumner Welles

ASSISTANT Secretary of State Sumner Welles knows something at first hand of the Gem of the Antilles, which he is reputed to maintain has extremely rough edges. When Secretary of State Hull agreed to grant Cuba certain concessions on sugar, in return for Colonel Batista's promise to pay up on defaulted American bonds, Mr. Welles is said to have pursed his lips sharply. It develops that Colonel Batista's promise to pay had the same bankable value that similar promises made by larger nations have had, and Mr. Welles has been unable to prevent a slight twinkle from appearing in his eye. Meanwhile other South American nations, having been apprised that the Colossus of the North has opened its money bags, are trying to figure out some plausible form of promise to borrow money.

Not a Game of Bean-Bag

ONE of the kibitzers attached to the staff of John L. Lewis recently pointed out to him that in the general editorial opinion he has been too rough lately. He mauled the Administration during the coal strike until he had his way. He hurt the feelings of the A. F. of L. He annoyed railroads and coal users unspeakably.

"Suppose"—according to the story—"I had played the game your way?" asked Mr. Lewis. "I'd have lost my chips."

How to Beat the Tax-Gatherer

MISS Helen Hayes is our most solvent actress. She makes thousands where other actresses just gather garlands. Her producers have often asked her to take a share in the producing company instead of her very handsome salary:

"No," says Miss Hayes. "Pay me. I'll take no risks."

She explains that she would just be paying in to the Government if she shared profits whereas, what with legitimate deductions, she actually gets to handle a little of her own money if it comes in a salary check. This isn't news to Mr. Morgenthau, either. He has been thinking that way for five years. But not getting far.

Which Reminds One of Elmer

MENTION of taxes brings up the matter of Elmer Irey, who began as a postal inspector with power to count the stamps in rural post offices and is now Internal Revenue's chief inquisitor. His examination of bank accounts put Al Capone where he is, and convicted Judge Manton, and started the chain of circumstance which had as one link the popping off of Dutch Schultz in a beer cellar, and fixed Tom Pendergast in Kansas City. Now he has been authorized to look into the financial dealings of any un-American suspected by the Dies committee. There may be a valid argument that a man's income tax report should be as sacred as a mother's love, but on The Hill it is thought Irey will probably need more accountants pretty soon. He has 250 now in 15 regional offices.

Back Towards "Normalcy"

NOTED on passing a given point: Pennsylvania legislature has reflected the impatience of the voters with the state's labor relations act by sharply revising it. Employers are granted the right to ask for collective-bargaining agreements, sit-down strikes are outlawed, abuses of the check-off are guarded against and certain forms of union intimidation are barred.

The changes are practically the same that have been urged for the Wagner Act. And California's long time

urge for Saturday night spending by the state and municipalities seems to have been checked by the appalled taxpayers in various municipal elections.

Leon Sits at "Jerry's" Feet

REPORT is that the chasm in the S.E.C. is widening. Jerome Frank, who elected himself chairman by his own vote, seems to be trying to tie the record for tough talking to business established by Call-Me-Bill Douglas before he was elevated to the Supreme Court. Leon Henderson is reputed to be taking a two months' study period before taking an active part in the Commission's work. Mostly he will study Mr. Frank. So will Commissioner Eicher. Commissioners Healy and Mathews are preserving their position of firm disgust.

A Pre-View of 1940's Battle

VICE PRESIDENT Garner's friends will try to reestablish the two-thirds rule in the Democratic convention of 1940. To do this they need only a majority vote. They expect support from the southern states, never reconciled to the loss of the power that rule gave them, from conservative Democrats, from those who have been antagonized by President Roosevelt, and from those opposed to a third term for any man.

Just a Gleam in the Dark

AT the moment of writing there is a dim prospect that the Umatilla dam project in Oregon will not be authorized. Candor compels the acknowledgement that the congressional attitude on spending is such that the prospect is extremely dim. Representative Dondero of Michigan told the House that the Army engineers admit that the \$177,000,000 plan is 80 per cent for power and that the power will not be needed until that produced at Bonneville and Grand Coulee has been sold. Borah and Vandenberg are fighting it in the Senate.

Money Makes The Mare Go

IF the F.C.C. makes a final report on its special telephone investigation, even if the original needling is reduced almost to a kiss, it will be because the F.C.C.'s funds are exhausted, and it hopes for replenishment in the deficiency bill. Two members of the F.C.C. have told their colleagues flatly that they are not satisfied with the credibility of the evidence on which the \$1,500,000 majority report was written. A minority report to this effect might cloud the F.C.C.'s financial future.

Shooting at Money Moon

NOT to be depended on prognosis is that the Mead bill for the government insurance of small loans to business will go through the Senate, but may be stymied in the House. Argument for it is that since the Government is now lending or insuring loans through a dozen or so agencies in as many fields it might just as well go into banking, too. One of the Inner Circle ideas. Common belief is that Morgenthau of Treasury, Jones of R.F.C., Crowley of F.D.I.C., and Eccles of Federal Reserve when interrogated prefer to talk about the weather.

"My, How the Money Goes"

TWO more little tricks are reported from the Inner Circle. One is for the government purchase of common stocks, to supply "equity money" to corporations in need, instead of compelling them to resort to loans. The Government would, of course, vote the common stock. The other is that the

SAVE HOURS IN THE OFFICE

by eliminating the handicaps that slow up office routine!

Here is how **Burroughs** can help you

Burroughs accumulated experience in installing nearly 2,000,000 machines, especially designed to eliminate needless operations in the handling of business records, is available to executives concerned with meeting the Hours Problem in the office.

Burroughs is in a unique position to assist in a desk-to-desk survey, and to make unbiased suggestions and recommendations, because of the completeness of the Burroughs line of adding, calculating, accounting, billing, forms writing, typing, cash handling and statistical machines.

As almost every kind of office work can be handled on any one of several different types of Burroughs equipment, it is easy to choose exactly the method or the machine that will give maximum efficiency at the lowest cost.

The first step toward meeting the Hours Problem in an office is to survey the work on each desk. This determines whether employees are handicapped by routine that causes expensive bottlenecks, annoying peak periods, unnecessary duplications of records and needless operations. Eliminating some operations — and shortening others — can effect substantial economies in time, effort and money.

The booklet illustrated, "Ways to Save Time in an Office," suggests definite and practical ways to start a survey in your own office. For a gratis copy of this booklet, telephone the local Burroughs office, or write direct.



BURROUGHS ADDING MACHINE COMPANY
6007 SECOND BLVD., DETROIT, MICHIGAN

Burroughs

whole Soc. Sec. plan as at present constituted be junked and that all oldsters in need be given pensions, instead of only those who have been paying in on their pay checks.

Stroke Nettle Tenderly

ing a shy eye toward the labor conditions. Labor is pretty prickly politically.

T.N.E.C.'s inquiry into construction costs was delayed because it is difficult to ask questions about material values and interest rates and mortgage practices without at least casting

Sticking Pin in War Balloons

however, as these gentlemen have almost no market for quiet. Recently disclosed plans for the intensifying of German air operations in South America are annoying State, War and Navy, not to speak of Civil Aeronautics Authority, and big plans are brewing for American competition.

OPINION in the calmer quarters of the Government continues to be that there will be no war in 1939. High jumps by Hitler and Mussolini are to be anticipated from time to time,

Your Blue and Yellow Ticket

little negotiating of food tickets for things other than food, which was to have been expected, and some of the grocers were a little less than enthusiastic at the beginning, but regardless of the pro or con, the plan will be given a wider trial.

EXTENSION of the blue and yellow ticket plan by which those on relief may get more groceries for their money is to be made on practically a nation-wide scale. There has been a

No Balm in His Gilead

not raised here. This involves paying the farmers outright for the new crop at the practically pegged price of 8.3 per pound, and leaving for domestic consumption the warehoused 11,500,000 bales on which loans have been made. The only thing absolutely certain about the cotton situation is that more ice packs are needed at once. The cotton, wheat and corn carryovers are so immense that not merely the domestic but the world price is endangered. The same scheme has always failed with other nations.

REPORT is that Secretary of Agriculture Wallace and Secretary of State Hull are studying a plan to swap the entire new cotton crop abroad for almost anything that is

Weavers Ask for Cotton

enough of the better grades of cotton to permit them to carry on, and the New York Cotton Exchange reported that American weavers are finding it "difficult or impossible" to get many of the grades of cotton needed for processing. They are held in the Government's warehouses.

JUST to make the cotton puzzle quite incomprehensible it appears that Lancashire weavers are considering an appeal to the American Government to release to them

What a Chance for the Lawyers

The same act transferred to Interior the position of Consumer's Counsel, which had been independent of the N.B.C.C. and charged with the duty of protecting the consumer, but it did not do away with John Carson, who is

UNDER the reorganization act, the National Bituminous Coal Commission was expunged, deleted and wiped out and its duties transferred to the Department of the Interior.

the Consumer's Counsel. The lawyers are not yet certain just what is the meaning of it all. Common sense would indicate that one of Secretary Ickes's subordinates could not attack him for the act of another subordinate. In which case the consumer has lost his chance to complain about the price of coal.

Poison Ivy and a Few Flowers

total of 14,000 route miles to be added to the existing scheduled system of 35,000 miles. In 1938, 81,058,127 revenue miles were flown, 1,536,111 passengers and 9,452,600 pounds of air express were carried on 345 planes on the scheduled air lines.

THE intent of this paragraph is to confer a benediction coupled with an offensive inquiry. The Civil Aeronautics Authority has before it 48 applications from 24 air lines for a

That seems to indicate a pretty sound business is being done. Of the 13,309 employees 4,724 work in the air line offices.

The C.A.A. uses not quite 3,600 persons to regulate the work of the 4,724. This department is not evil-minded, but isn't that proportion of bureaucrats to workers just a wee bit cock-eyed?

Sound Sense on Taxation

committee on Federal finance, was the demolition of the fiction that "Business" is refusing to "cooperate" with government.

ONE of the by-products of the statement on tax legislation made to the House Ways and Means Committee by Ellsworth C. Alvord, vice-chairman of the Chamber's com-

It was never true, of course. It is likewise a fact that it will not stay demolished. Business men will be charged with a failure to cooperate just as long as they resist unfair and unwise taxation, or decline to follow through blindly with their dollars every policy that may spring up overnight.

Doughton and Others Praise

of the House committee called it "a fine presentation" and U. S. Treasurer Morgenthau must have been well pleased with Mr. Alvord's commendation of Morgenthau's "constructive approach to the fiscal problems confronting the Congress and the country. It merits the support of every citizen." The editorial reaction to the Alvord program of sound national financing, the promotion of free enterprise, and the attainment of full business recovery was extremely favorable.

THE men who have been charged by law with the responsibility of working out sound tax measures were high in praise of Mr. Alvord's statement. Chairman Doughton of

Looking Back to Coxey's Army

One of those who listened to Adolph Berle's exposition of his plan to lend the money of bank depositors on schemes the bank officers could not conscientiously approve is planning to get "General" Jake Coxey and Assistant Secretary of State Berle together. Coxey can talk pretty fast, too. It's worth noting that Karl Marx thought of Berle's scheme before Berle did.

FORTY-THREE years ago Jacob Sleicher Coxey invented a plan for painless public financing through "non-interest bearing bonds" and was arrested when he refused to

Herbert Coxey

This boy has long white whiskers now

A LOT OF THINGS have happened since this picture was taken, some 60 years ago.

And a lot of things will happen during the *next* 60 years, and succeeding years—many things that no human being can possibly foresee.

But the management of a life insurance company must be prepared for *whatever* may happen. For the insurance policies a company issues are all contracts for future payment. Exactly how far in the future these payments will be made, nobody knows.

The management of a life insurance company must consistently take "the long view."

With each passing year, the time comes nearer when claims must be paid. So, each year, the company sets aside a mathematically determined amount of money as a reserve. Because this fund is required by law, it is known as the "legal reserve."

The management of a life insurance company must look ahead in another way. It must concern itself with such unforeseen conditions as depressions, panics, epidemics, and other disasters—and must seek to protect its policyholders' interests



against these unexpected contingencies. So the company sets aside an additional, and smaller, fund called a "contingency reserve," or "surplus." In New York State, the maximum amount of the contingency reserve is fixed by law.

And in investing these funds it must attempt, through the application of far-sighted and highly specialized judgment, to select income-producing investments which will prove stable, year in and year out.

By thus providing for the payment of all its normal obligations through its "legal reserve"... and by setting up a "contingency reserve" to safeguard policyholders' and beneficiaries' interests even in the face of extraordinary emergencies... a life insurance company seeks in every

possible way to make sure that it can meet all its financial obligations to its policyholders and beneficiaries—in *good times and bad*—whenever these obligations fall due.

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This is Number 15 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD

Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.

Plan to visit the Metropolitan's exhibits at the *New York World's Fair* and at the *Golden Gate International Exposition* in San Francisco.



Cooperating for a Finer America

By PHILIP P. GOTT*



Alfred Reeves of the Automobile Mfrs. Ass'n, Margaret Hayden Rorke, Managing Director of the Textile Color Card Ass'n and Wm. M. Kinney of the Portland Cement Ass'n

RECORDS of trade association achievements reveal that their efforts are directed toward enrichment of national life as well as toward betterment of their individual industries

TWENTY trade associations, competing in the American Trade Association Executives' contest for an annual award, laid on the table their records of achievement for 1937-38. Although these reports revealed a wide range of problems attacked and a great diversity of techniques in seeking their solutions, two similarities must be apparent to any one who studies them carefully:

In every case, although the association had been active in many channels—improved organization, wise trade promotion, more enlightened public relations, research—the activity advanced as most noteworthy was one involving improvement and enrichment of the American pattern of life as well as the well-being of business.

Equally striking is the fact that one method—a method calling for the inherently American qualities of pioneer initiative, elaborate study, impartial consideration, generous effort, and co-operation in the public interest—characterizes all the associations' distinct endeavors.

It was typical of these associations to solicit and utilize the experience of

Cement specimens receive thorough laboratory test



government departments, competitors, industrial administrators, technicians and workers to insure the success of their job. Cutting horizontally or perpendicularly through the economic structure of the country, their cooperative attack upon their problems was telling, not only upon the well-being of a given industry, but upon allied industries and the remotest citizen.

Harry L. Hopkins, Secretary of Commerce, Chairman of the Jury of Award, in his presentation statement, said:

It is well recognized in the United States that these non-profit cooperative organizations of business competitors are, when wisely guided, of great assistance to their members, to related industries, and to the general public.

The award, established in 1929 by Margaret Hayden Rorke, was presented to the Portland Cement Association.

This association, accepting the challenge of developing a new road surface suitable for 2,660,000 miles of unfin-

ished "farm-to-market" light-traffic roads, developed a soil-cement mixture, costing but \$5,000 a mile. The usual cost ranges from \$20,000 to \$40,000.

Since hauling costs are a major expense in road-building, the Portland Cement Association turned to the radical idea of using material in the rural roadway to mix with cement. This was heresy in the opinion of technologists and engineers.

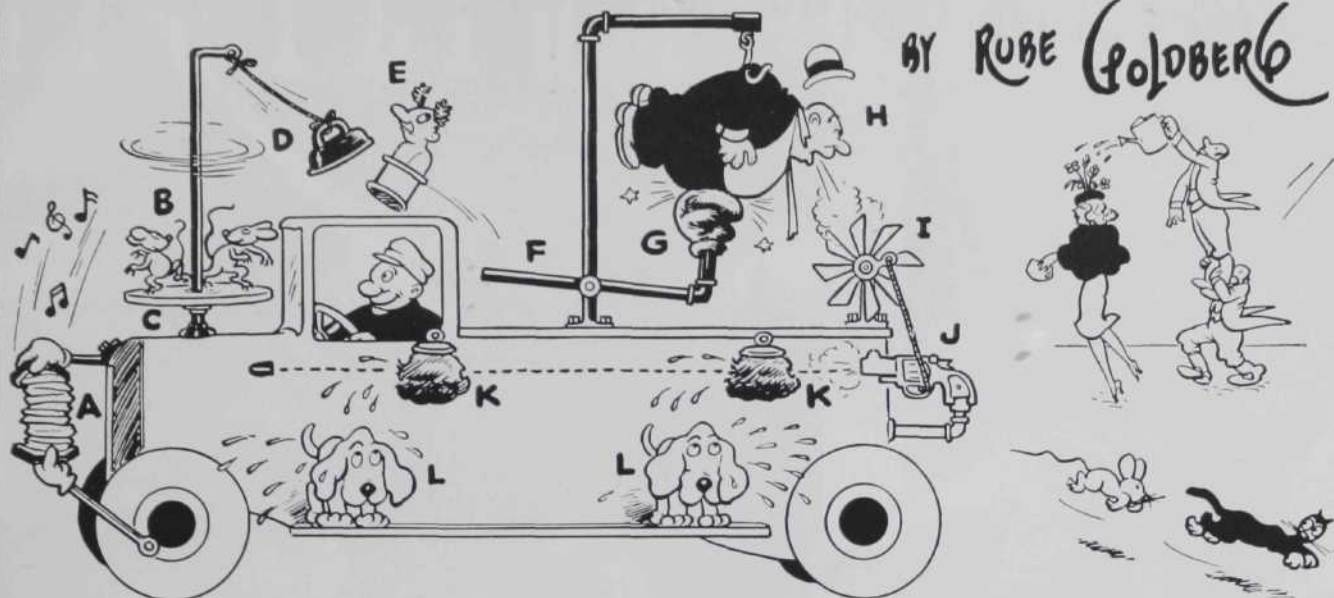
The research project, started in a modest way in 1935, involved exhaustive examination of all literature on soils and tests of varying cement mixtures with soils from different parts of the country under different conditions. In cooperation with federal and state highway departments and other agencies, investigations were conducted and field projects undertaken. Selected cores of the roadway were subjected to 100 cycles of heat, ice, rain and thaw in testing laboratories. The serviceabil-

(Continued on page 53)

*Research by Shirley Ashton

HOW TO MAKE YOUR TRUCK TIRES RUN COOL

BY RUBE GOLDBERG



FRONT WHEEL ACTION SQUEEZES ACCORDION (A) ~ WALTZING MICE (B) START DANCING, CAUSING PLATFORM (C) TO REVOLVE ~ FLATIRON (D) SWINGS, KNOCKING OVER STATUE OF ROMAN SENATOR (E) ~ STATUE FALLS ON PLATFORM (F), CAUSING BOXING GLOVE (G) TO HIT SUSPENDED FAT MAN (H) IN MIDSECTION, KNOCKING WIND OUT OF HIM AND TURNING WINDMILL (I) WHICH FIRES GUN (J) ~ BULLET PASSES THROUGH ICEBAGS (K), SPILLING WATER ON TWIN SPANIELS (L) ~ SPANIELS SHAKE THEMSELVES, SPRINKLING COOLING ICE WATER ON TIRES!

Now Read How Goodrich Makes Tires Run Cool for Longer Mileage

• Rube Goldberg's inventions always get a laugh. But here's one that calls your attention to a problem which may be costing you money.

HEAT attacks your truck tires from inside. As heavy loads and high speeds send tire temperatures over 240° (and they frequently reach 300°) you're in for trouble. A sudden blow-out, another casing ruined prematurely... that's the usual climax. Excessive internal heat is the cause of 4 out of every 5 premature failures in truck tires!



**CORD INVENTION
KEEPS TIRES COOL**

How has Goodrich licked this problem? Engineers started from scratch—designed a revolutionary new kind of tire for today's trucking conditions. And the backbone of this new Triple Protected Silvertown is an amazing cord invention that actually fights "blow-out" heat!

This Hi-Flex Cord not only slows down heat generation—it also withstands better what little heat is generated! Result: the new Goodrich Silvertowns run cooler,

last longer—cost you less per mile.

But Hi-Flex Cord is only one of three reasons why the new Silvertowns will give you greater mileage than you ever imagined possible. They're Triple Protected! In no other truck tire can you get all of these features:

- 1 **PLYFLEX**—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—a new method of locking the plies about the beads, anchoring them in place.

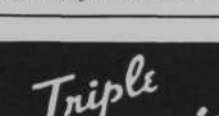
SEE HOW HI-FLEX CORD WILL SAVE YOU MONEY

Hi-Flex Cord is more compact, more elastic—yet actually stronger. When stretched it always comes back alive, preventing tire "growth." Due to this cord's smaller size Goodrich can (1) surround it with extra anti-friction rubber, (2) give the tire more strength with less bulk. Tests prove this construction makes the new Silvertown run cooler—last longer. You get more mileage per tire dollar!

This thick, bulky cord builds up tire heat



This new compact Goodrich Hi-Flex Cord cuts down dangerous tire heat



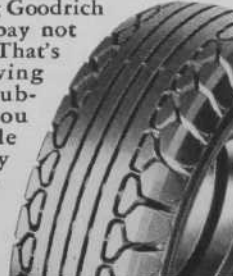
- 3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

America's oldest tire manufacturer offers you proof of the new Silvertown's greater mileage. They have been used on many of the most severe tire jobs in the country. Working under abnormal conditions, where tires blew out one after another, Silvertowns lasted 2 and 3 times longer than the best tires used before!

NO EXTRA COST!



For the plus mileage you get with these cool-running Goodrich Silvertowns, you pay not one penny extra! That's why your cash saving is bound to be substantial. Before you buy, get the whole money-saving story from your local Goodrich dealer or Goodrich Silvertown Store!



Goodrich Triple Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

Business Men Say . . .



SHOE & LEATHER REPORTER
Harold Connett



James S. Carson (center)



Warren C. Bulette



Arthur W. Binns with his mother

HAROLD CONNETT, President, Surpass Leather Co.
Chairman, Tanners' Council of America

"There seems to have grown up quite recently an impression that profits are not quite respectable. I have even heard the remark that it is not tactful to show a good statement—customers might be irked, labor resentful, or we might even offend the public by evidence of an enterprising spirit and business health. Such opinions about business profits are nonsensical. No business enterprise can be self-respecting if it does not aspire to earn reasonable profits. There is no sleight of hand, no extraordinary formula about a successful business. All the rules of management can be boiled down to one pithy phrase—'To make a profit, add a profit.'"

ARTHUR W. BINNS, President
Arthur W. Binns, Inc., Realtor, Philadelphia, Pennsylvania

"The 300 housing units rehabilitated in our experiment have meant a total purchase cost, plus modernization, of between \$1,000 and \$1,500 per dwelling for good five-room, two-story, brick row dwellings. They are rented at not in excess of \$4 a room per month. The total investment has resulted in a return in excess of ten per cent net, after depreciation charge of five per cent a year and after paying all city and state taxes. Our vacancies and losses have been less than two per cent and we have had no evidence of destructiveness by tenants, nor have we had as high a percentage of absconding tenants and failure to pay rent, working in this group, as we have had in supposedly higher-type housing. . . . Private capital and private enterprise may yet cause the occasion for government subsidy to disappear."

JAMES S. CARSON, Vice President
American & Foreign Power Company

"Invariably the rise of imports indicates domestic prosperity and increased employment. . . . No more fallacious argument was ever put to the workers of this country than that foreign trade will reduce the average wage to coolie level. An American worker at \$10 a day equipped with modern machinery electrically driven may be more economical than coolie labor at 20 cents."

WARREN C. BULETTE, President
Brant-Warner Co. of York, Pennsylvania

"Several of York's important industrial concerns paid \$115,000 for taxes in 1928—the same firms paid \$801,000 in 1937, a 700 per cent increase. In none of these plants has there been an appreciable increase of invested capital. The additional taxes imposed would pay the wages of 500 more employees and was equal to a \$260 assessment against the wages of every worker on the pay rolls."

SPOTLIGHTED

... in thousands of business offices!



Addressograph

TRADE MARK REG. U. S. PAT. OFF.

PLAYS THE LEADING ROLE

wherever names, with addresses or
other information, are copied on forms,
records, reports or communications

ROUTINE paper work, a vital part of every business, must be protected from mistakes, delays and illegibility. These are common and costly hazards, present wherever records are copied one character at a time.

Mistakes in copying dissipate earnings and foster ill-will. Illegibility causes misreading with resulting waste of time and money. Slow methods mean excessive cost.

Addressograph Methods offer protection against these hazards. With one motion, Addressograph reproduces a complete record—no need for checking. The imprinting, through a ribbon, equals best typewriting. Accuracy, uniform legibility are assured.

The Addressograph man near you will be glad to show you how easily and economically these protective features can be applied to your business. You'll find ADDRESSOGRAPH SALES AGENCY listed in principal city 'phone books. If you prefer, write to us at the address below for complete information.

VISIT THE ADDRESSOGRAPH-MULTIGRAPH EXHIBITS AT NEW YORK
WORLD'S FAIR AND GOLDEN GATE INTERNATIONAL EXPOSITION

*Every Business and
Organization can profit
by using ADDRESSOGRAPH
METHODS for handling:*

Advertising Collections	Membership Lists
Customer Lists	Order Writing
Delinquent Accounts	Payrolls
Employee Records	Prospect Lists
Installment Accounts	Publication Lists
Inventory Lists	Sales Promotion
Invoicing	Shipping Forms
Manufacturing Records	Social Security Reports
	Social Service
	Stockholder Lists

... and in Government:

Assessment Records • Licenses
Motor Vehicle Registration • Payroll
Public Service Bills • Relief
Tax Collection • Voters' Lists

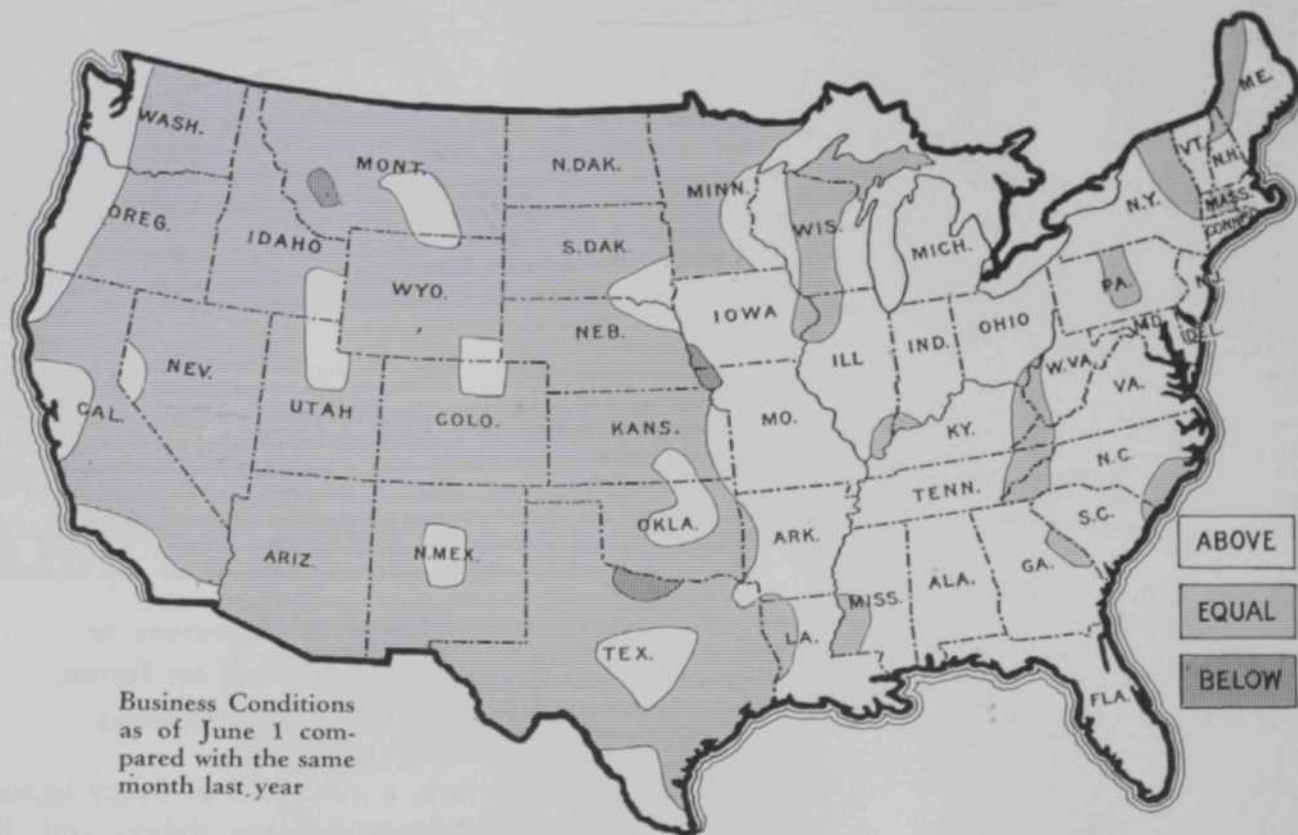
ADDRESSOGRAPH-MULTIGRAPH CORPORATION *Cleveland*

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

Sales Agencies in Principal Cities

The Map of the Nation's Business

By FRANK GREENE



MAY saw improvement in sentiment after the mid-month, aided by the coal strike settlement and lessening of war scares. Stock prices rose somewhat after a month of dull trading. Carloadings improved with the reopening of the coal mines, while steel price concessions stepped up output to 52.2 per cent of capacity.

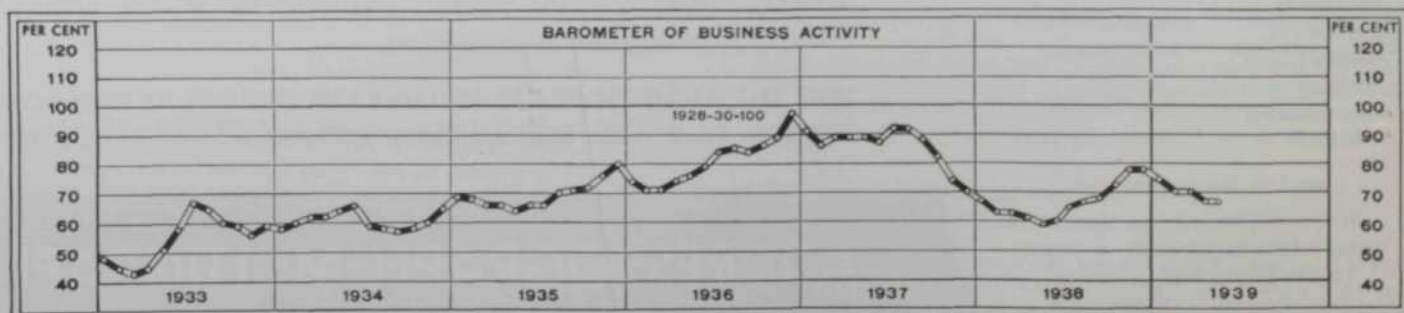
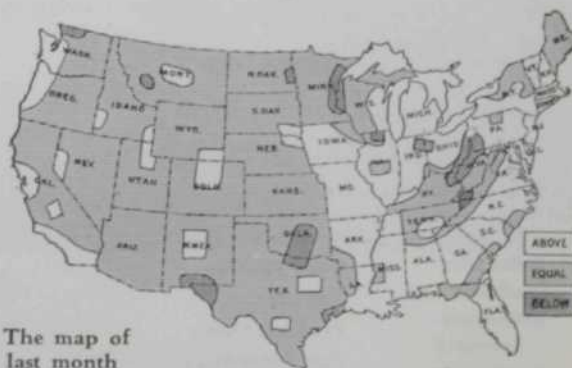
Automobile sales exceeded expectations, although production was affected by labor disputes at the month-end. Engineering awards were highest for May since 1930, with residential building the best since 1929. Electric power output was 11.7 per cent above last year.

Retail activity was improved, especially with department and chain stores. Wholesalers reported active markets with a trend toward advance buying.

Commodities were in demand with rising wheat and cotton prices, and heavy buying of cotton goods at the close of the month.

Bank debits and bank clearings reflected increased activity, both being six per cent above 1938.

The lighter Map in the East Central areas reflects improved conditions in the coal and steel industries



An upturn in production schedules in some of the basic industries in mid-May was instrumental in holding the business activity chart line at the April level

On the Marketing Horizon

Salesmen May Wonder, but Willing Buyers Sometimes Have to be Very Persistent and Determined, Too

A RESEARCH agency reveals that a majority of manufacturers, service companies and wholesalers believe the best aid to sales is good leads. That seems obvious enough. Through advertising and solicitation locate the people who need the product, who can be made to want it and who have the money to buy it. Sales effort will always be wasted on those who do not satisfy two or more of these conditions. The object is to reduce this wasted selling effort to the lowest possible point. And yet, the way some companies handle leads would indicate they prefer the hard way.

Proof comes in a letter from a West Coast correspondent. This man has a yen for a small cabin cruiser. So strong was the call of the waves that he decided to have a boat built. He looked over some of



the yachting magazines and picked out the names of four companies which make motors such as his dream craft would need. Then he wrote each of them—all national advertisers—saying that he wanted an engine for a power boat similar to the one described on Page 20 of the May issue of *Blank Magazine*. Would they please advise him which of their models would be best for a boat of this type, and the price, delivered at his town?

Nothing resulted from that request. He was more than half sold. A letter with the desired information probably would have completed the sale. But look at the answers he received:

One factory mailed promptly its beautifully illustrated, four-color catalog and a two-page form letter describing all the joys of yachting and the company's superb and astoundingly large factory. Two days later came a mimeographed list of second-hand motors from the manufacturer's Pacific Coast distributor 500 miles away. That was the follow-up.

After two weeks he received a catalog from a second factory, with a card enclosed saying that Mr. So-and-So of distant Los Angeles was a qualified dealer and would be happy to show samples of the line. Later, through his own inquiries, he discovered that this company had a distributor within five miles of his town.

The two other manufacturers answered not a word. They had advertised for busi-

ness but evidently didn't trust leads obtained by advertising.

Of course, a single isolated instance of this sort doesn't mean much. But one hears of similar cases in almost any exchange of experiences. On the one hand we see salesmen pushing hard for orders, canvassing, cajoling their prospects. On the other hand are eager and determined buyers resolutely trying to spend their money in the face of all the obstacles that indifference by sellers can create.

A New York trade paper editor told of receiving nine letters and three telephone messages in one week from subscribers who said they had answered a double-truck ad in the magazine and asked for a salesman to call, but could get no response. When the advertiser was informed he answered nonchalantly that he wasn't ready to accept orders yet!

We were told recently about a shoe dealer in an Ohio city who belongs in the same not-too-select company. He advertised a big Anniversary Sale that literally jammed the store with people every day for a week. But the sale turned out to be a flop in receipts because he had only three salesmen and couldn't take care of the people who came to look and left without having had a chance to buy. Sale or no sale, it takes a certain amount of time to fit a customer with shoes, and on such short notice there were no competent extra salesmen to be had. In all these cases the advertising did its job; it was the advertiser who flunked.

Correlating Purchases

GUERRY R. SMITH of the Market Research Division, U. S. Department of Commerce, has been making some analyses of the relationship between the purchasing of various commodities by con-



sumers. He found, for instance, a close correlation between the ownership of two or more automobiles and of a mechanical refrigerator. This prompts him to conclude that the principal share of the two-car market is to be found among the 20 per cent of families who own a refrigerator.

Nothing startling about this, but it suggests a line of research that should permit the narrowing down of many con-

sumer markets and concentration of sales effort where it will do the most good. Book publishers have learned that there's gold in a mailing list of persons who have purchased similar works to those the publisher wishes to sell. Many enterprises have their "sucker lists," as they are known in the vernacular of earlier days. What correlation, if any, exists between phonograph ownership and the collection of first editions? Between life insurance in force and tours to Europe? If certain relationships of this nature could be established another guess would be taken out of selling.

Ad Men Take Own Medicine

THE ADVERTISING Club of Columbus, O., has been advertising to the people of its city. Reports indicate the results are highly salubrious. A variety of media—newspapers, radio, car cards, posters—were used. Such slogans as "Advertising Makes Sales; Sales Make Jobs" were given large circulation and "took" with the public. Incidentally, the directors of the campaign didn't forget to confess a weakness for Columbus, the Ad Club and its parent organization, the Chamber of Commerce.

More Laundry, More Soap

PROCTER & GAMBLE has come to the aid of its customers, the laundries, with a series of page ads in national magazines boosting the "send it to the laundry" idea.



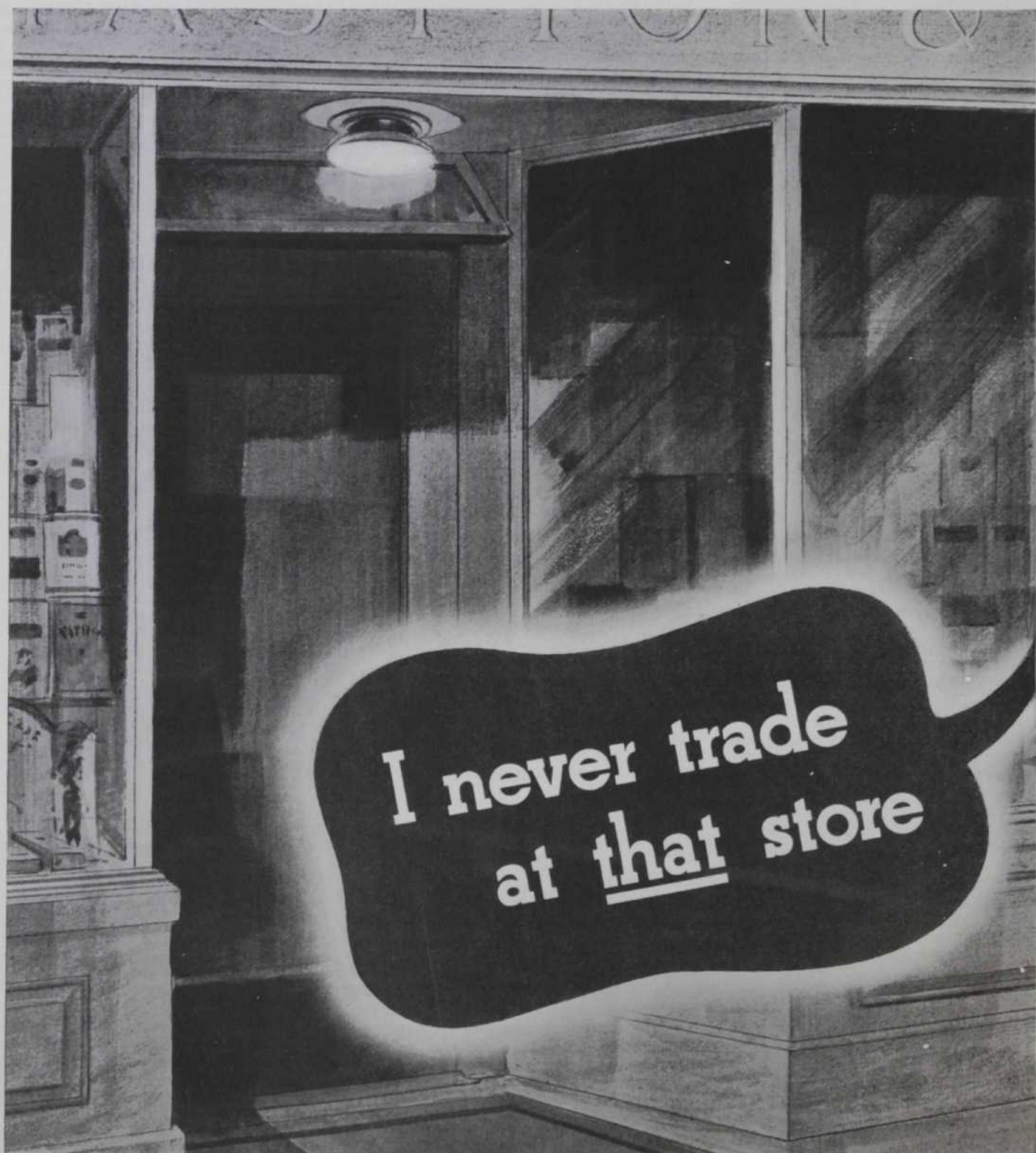
The P & G ads carry no sponsor signature. To assist laundries in making capital of the campaign, the company supplies them with sales-aid devices for individual use. The industry, faced with aggressive competition from substitutes for its service, has been slow in regaining the market it held when women didn't count the cost of cleanliness so critically as they now do. The degree of recovery already attained has been credited largely to local cooperative advertising in many communities.

"THE MOST perishable product in the world" . . . "deader than yesterday's newspaper," is the way the American Hotel Association describes an unoccupied hotel room, in its National Hotel Week promotion. Because vacant space is an irrevocable loss, rates must be based on average occupancy for the year, reasons the Association.

CROSLEY Corporation will pioneer with its new \$325 automobile by marketing it through the regular distributors of Crosley appliances. It will be sold by appliance salesmen as well as a certain number of exclusive, experienced auto salesmen recruited outside the present organization.

—FRED DEARMOND

Even retail stores have



ENEMIES IN THE COMMUNITY

YOU HAVE HEARD ATTACKS like these made on merchants in your community:

... *"I never trade at that store. They charge too much."*

... *"I hear they don't pay their help very well."*

... *"Sure their prices are less, but look at the quality."*

If retailers have such public-relations problems—even with a day-to-day opportunity to make friends with their customers—imagine how much harder it is for wholesalers and manufacturers who do not have intimate contact with the public.

How people feel about a *company* can be just as important in making sales as how people feel about a company's *product*. Friends can be made for both by friendly, human advertising which tells the company's side of the story on prices and policies.

Such "public-relations advertising" affects not only sales but also employee and dealer morale, and labor turnover.

Are you making friends for your company, as well as your products, among the important millions of families in America?

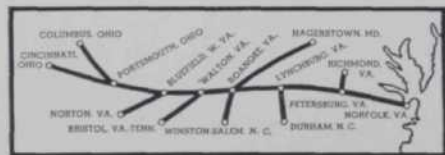
THE CURTIS PUBLISHING COMPANY

The Saturday Evening Post • Ladies' Home Journal • Country Gentleman



FAST DELIVERY!

A FAST delivery is essential to a good baseball pitcher. Fast delivery is even more important to shippers and receivers of freight. Between the Midwest and the Virginias and Carolinas and between the North and the South, the Norfolk and Western Railway's dependable transportation service is available at all times for the rapid, efficient movement of all classes of freight. To get the best service at economical cost, route your shipments via Precision Transportation. Any representative of the railway's Freight Traffic Department will be glad to furnish complete information regarding rates, routes, and schedules—and assist you with your shipping problems.



**NORFOLK
AND
WESTERN**
Railway
PRECISION TRANSPORTATION

Through the Editor's Specs

(Continued from page 7)

neighbor, the National Canners Association, was explaining to us. "But in fact tomato prices are very poor. Why? Because there was an exceptionally big crop and surplus pack of corn, beans and peas.

"Prices on these items are low and they pulled tomatoes down with them, as always happens, because corn, beans and peas are substitutes for tomatoes."

The case illustrates why production control and price fixing won't work unless consumption could be controlled by fiat. (Maybe that's next on the control agenda.) Suppose tomato canners had attempted price maintenance. They could hold up their prices but only at the expense of sharply reduced consumption. Or, imagine what would happen if the producers of corn, beans and peas were to curtail production this year in the hope of driving up their prices. Then the tomato growers would have the last word. No "fair trade" law or producers agreement can be made so airtight that Mrs. Consumer can't ask for a substitute and leave the goods on the dealers' shelves.

More insecurity

ONE OF the chief sins charged against old dealers is "speculation" and "gambling." The President brought it up again in his Retail Forum speech.

This gives particular point to a piece of news that has leaked out of Louisville recently.

The ground on which the multi-unit apartments known as the Green Tree Manor development were built was bought in 1937 for \$39,000 and sold on the same day to the builders (affiliated with the first purchasers) for \$100,000.

The development company obtained a loan of \$1,000,000 on a basis of an estimated value of \$1,397,000 for the project when completed. This loan was approved and guaranteed (up to 90 per cent) by the F.H.A.

Later the Louisville Realty Board, after investigation, made the flat assertion that the total value of Green Tree Manor, including land, could not possibly exceed \$752,000. Payments on the loan are financed up to 1962 when a balance of \$685,000 will be due. That is not far from the amount that values had been marked up when the loan was made. Who is going to take the loss on this mortgage in case foreclosure should be necessary? Who if not your old friend, Uncle Samuel?

For these facts we owe the diligence of our estimable but often critical contemporary, the *Louisville Courier-Journal*. From other sources come accounts of a similar piece of "speculation" at the expense of the taxpayers in St. Louis.

For an untrammelled press

THIS budget-balancing appeal to readers of *The Freeman*, a paper published by E. Haldeman-Julius at Girard, Kan., should be suggestive to Secretary Morgenthau:

From Jan. 10 to Feb. 10 contributions to *The Freeman's* Deficit Fund amounted to \$59.98. The paper's deficit each month is about \$500, or \$6,000 a year. It would be an easy matter to cover such a loss if *The Freeman* were to carry out the editorial policies of the big advertisers, but that would mean the end of this publication's practice of candid, forthright inquiry into all controversial subjects. If supporters of a democratic, free, independent, truth-telling press will make financial sacrifices, this paper's comparatively small deficit could be wiped out.

Fun for the Fourth

MILLIONS of Sunday morning chuckles have greeted the Katzenjammer Kids practicing their innocent amusement on Der Captain. Their adaptation by Charles Dunn on this month's cover has a double timeliness. The symbolism of Washington's political Katzenjammer Twins about to take the amiable old gent for another ride athwart a cannon cracker brings the Spirit of '76 down to its '39 refinement.

As an interpretation of business in the headlines, it portends the wrecking of another heralded breathing spell.

Our thanks to King Features and United Features syndicates for permission to adapt two time-honored comics to point a moral of the day.

Hot-house youth

MODERN youth has lost its relish for adventure, says Howard M. Bell, director of the Survey of American Youth Commission. The boys of today are not dreaming of far places and high enterprises, but are "beefing" about security, he thinks.

It does look that way sometimes. But perhaps Mr. Bell merely talked to the wrong youths.

Had he met the survivors of the Squalus and heard them say to reporters, "Sure, I'm staying in the submarine service, wouldn't want to be anywhere else," his report might not be so blue.

The Catch in Public Spending

(Continued from page 19)

banks of the country, the Government can draw checks for \$1,000,000,000.

The chief difference between the government bond you took to the bank and the government bonds the Government took to the bank is that you probably had to pay for your bond out of your earnings, while the Government merely prints as many bonds as it needs.

You may think that it is a good idea for the Government to print bonds when it needs more money than it gets in taxes, and that it doesn't affect you but only affects the taxpayers in the future who will have to redeem those bonds.

But it does affect you right now because you are getting far less interest on your money today than you did a few years ago.

Deficits cost you money

YOU are getting less interest because the government bonds that have been issued lately have very low rates of interest.

Under present conditions, there are so few other safe investments that these government bonds make up the bulk of the investments banks or insurance companies can safely make with the money you deposit with them.

The banker's first duty is to protect the principal of the depositors to the best of his ability. For generations the savings bank has been the safest place for an individual to put his money. Consequently, if the banker cannot find enough people or businesses to borrow your money at six or five or four per cent, he has no other place to invest it but in government bonds at approximately three or two or one per cent.

So, as the banks can only get around three per cent on safe investments of your money, they can, therefore, only pay you about two per cent.

Consequently your \$5,000 savings account only brings you \$100 income a year now.

This means also that if, for instance, you were trying to put in the savings bank enough money to give you \$2,000 a year income, you will now have to save \$100,000 or more. When savings banks paid you four per cent you would only have had to save \$50,000.

Specifically, every holder of savings bank accounts and life insurance investments is right now paying toward the vast increase in the government debt by losing approximately one-half of the interest income he would otherwise most likely be receiving from his savings. The yield on his personally saved "social security" has, therefore, been cut in half.

Every one in the nation has to pay one way or another for the money our government officials are instructed to spend.

The Government has nothing to give to the people except what it gets from the people.

NOW! *Two ways* TO SAVE ON CAR INSURANCE!

READ THE GREAT NEWS
ABOUT THE BIG TWO-WAY
SAVING ON CAR INSURANCE
WITH AMERICA'S
LEADING COMPANY



- 1** SAVINGS through the big rate reductions just announced in a number of states. In many cases, these reductions save 20%... or even more, on pleasure cars not used in business.
- 2** SAVINGS through the big cash dividends paid back to Lumbermens policyholders each year, through war, panics and depressions for over a quarter of a century.

THINK of it! Now, Lumbermens... ranking first among all companies in America in volume of automobile casualty insurance, offers you TWO WAYS to save on insurance if you qualify as a careful driver for Lumbermens protection.

Lumbermens policyholders have saved an average of over 20% on their insurance premiums every year since organization, through Lumbermens big cash dividends. In the last ten years alone these dividends exceeded \$22,000,000.

Now, Lumbermens offers big additional savings through the

new rate reductions just announced in many states.

Find out what this big TWO WAY saving means to you. Send in coupon today for complete information about Lumbermens—its security and coast-to-coast service and big dividends that save money for the careful drivers it insures—and for a free quotation on your car.

LUMBERMENS Mutual Casualty Company

JAMES S. KEMPER, President

Home Office: Mutual Insurance Bldg., Chicago

Save with Safety in the
"World's Greatest Automobile Mutual"

SEND ME YOUR MONEY-SAVING RATE QUOTATION

Lumbermens Mutual Casualty Company
Mutual Insurance Bldg., Chicago

Make..... Model..... Year.....

No. of Cylinders..... Cost.....

My present policy
expires on (Approx. date).....

Name.....

Address.....

City..... State..... (NB4)

MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

"Deficit Day," a National Holiday

JUNE 30 marks the end of the Government's fiscal year, and is the day on which the federal deficit for the preceding 12 months can be exactly computed. The deficit for the year just ended exceeded \$3,500,000,000 and was the ninth successive annual deficit reported. The cumulative deficit since 1930 now exceeds \$24,000,000,000, and a further deficit of \$3,333,000,000 is expected in the 1940 fiscal year.

Feeling that the announcement of the deficit is getting to be a regular annual affair, one Wall Streeter thinks that it should be commemorated with suitable ceremonies. Accordingly, he has suggested that June 30 be designated a national holiday, to be known as "Deficit Day." He claims that the recurring deficit is the most important thing that is happening to us, and insists that it should be fittingly celebrated.

"It's a wonderful idea," said a friend with whom he discussed the matter. "But Deficit Day would fall awfully close to the Fourth of July, wouldn't it?"

"That's just the beauty of the thing," replied the sponsor of the idea. "If the annual deficits continue much longer, there isn't going to be any independence of any kind left in this country. So Independence Day will have to be stricken from the calendar. Deficit Day will replace it and will give the long-suffering taxpayers a much-needed summer holiday that will bridge the gap between Memorial Day and Labor Day."

Another Cycle of Refunding Due

FOR some time the financial community has been bewailing the fact that all of the big refunding jobs for leading corporations seemed to have been accomplished. Most big companies had refunded their debt in the past several years through issuance of bonds bearing coupons ranging from three per

cent to four per cent, thus assuring themselves low money costs for many years to come.

But there seems no bottom to money rates. And now it looks as though many of the big refunding issues, brought out in the past several years, will have to be refunded again, into bonds bearing even lower coupons.

As recently as 1935, Socony-Vacuum Oil Company issued \$50,000,000 of 15-year 3½ per cent bonds. Now, only four years later, the Company has called the entire issue and will replace it with another bearing an even lower coupon. At the same time, Socony-Vacuum announced a cut from 3¼ per cent to 2⅞ per cent in the interest rate on \$75,000,000 of its bonds held by insurance companies.

A number of companies, particularly in the instalment finance field, have already redeemed low coupon bonds through bank loans. General Motors Acceptance Corporation is retiring \$50,000,000 of three per cent debentures with the proceeds of five-year bank loans at a rate of 1½ per cent. Commercial Investment Trust Corporation recently borrowed from banks at 1¾ per cent to redeem \$35,000,000 of its 3½ per cent debentures, due 1951. Commercial Credit Corporation this month will redeem \$35,000,000 of 2¾ per cent debentures, due 1942, with the proceeds of bank loans obtained at a rate of 1½ per cent.

Trading Against the Interest Rate

AN INVESTOR who was recently placing some buying orders with his broker in a declining market said, "The funny thing about stocks is that no one wants them when they're cheap. When prices are high, the volume of buying is usually heavy. But when prices are low, no one is interested—except me."

"The figures on brokers' loans provide a good index of stock market interest," replied the broker. "In 1929, with prices at an all-time peak, brokers' loans, representing the borrow-

ings of their customers, exceeded \$8,500,000,000. Now, with stock values well deflated, brokers' loans are only a little more than \$500,000,000. Loans today are less than two per cent of the value of listed stocks. The market is virtually on a cash basis."

The investor said:

With money rates so low, you'd think that people would seize the chance to borrow at two per cent or three per cent, to buy conservative stocks that are yielding four per cent or five per cent with little chance of dividend reductions. American investors always think of profits. I think of income. And when I can borrow money at two per cent and invest it at four per cent, I think that's good business, even if there are no speculative profits. If I invest \$100,000 at four per cent on a 40 per cent margin and borrow the balance at two per cent, my net income after payment of interest is \$7,000 annually, or seven per cent on my \$100,000. I regard that as a rare investment opportunity. When other people in 1929 were borrowing money at ten per cent to buy stocks yielding only two per cent, they were bound to be wrong. Most people "trade against the equity" for profit. I "trade against the interest rate" for income.

The Big "Out" on Private Financing

A CORPORATION executive was discussing with an investment banker the question of whether his company should offer a forthcoming issue of securities publicly, or place it privately with a group of insurance companies.

"If we place it privately," argued the executive, "we know exactly when we get our money, and at what price. In the case of a public offering, lots of things can happen in the 20-day registration period to upset carefully laid plans. Some issues have been abandoned altogether because of unfavorable developments during the long period of registration. And in other cases, the price has been poorer than originally contemplated. Private placement obviates all that uncertainty."

"That's true," agreed the banker, "but of course, the price factor works both ways. In a rising bond market like the present one, and with the international situation improving every day, you might get a better price, rather than a poorer price, following the period of registration."

"But in any event," insisted the executive, "through private placement we avoid the expense of registration."

"In relation to the \$25,000,000 issue you are contemplating," answered the banker, "the cost of registration is negligible. I don't think that's an important advantage. Furthermore, there are certain protections to you in that registration that make it worth what it costs."

"You may be right about that," conceded the corporation official, "but you'll admit, won't you, that we at least save ourselves the cost of an

Recent U. S. Supreme Court Decisions
permit double taxation on trust
funds, but protection is afforded
by New York State Constitution

THE U. S. Supreme Court, on May 29th, handed down decisions upholding the right of two States to levy death taxes on trust funds set up in one State by a resident of another. Numerous inquiries have come to us as to the effect of these decisions on trust funds and custodian accounts placed with us by non-residents of the State of New York.

For the benefit of non-residents, we wish to announce, under the advice of counsel, that despite the above decisions the mere holding or keeping of securities in trust or custodian accounts established in New York State by residents of other States does not subject such funds to death taxes by New York State. This protection against double taxation is provided under Section 3, Article XVI, of the Constitution of the State of New York as amended in 1938, which reads in part as follows:

"Moneys, credits, securities and other intangible personal property within the state not employed in carrying on any business therein by the owner shall be deemed to be located at the domicile of the owner for purposes of taxation, and if held in trust, shall not be deemed to be located in this state for purposes of taxation because of the trustee being domiciled in this state, provided that if no other state has jurisdiction to subject such property held in trust to death taxation, it may be deemed property having a taxable situs within this state for purposes of death taxation."

BANK OF NEW YORK

48 Wall Street — New York

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET

Established 1784

Personal Trusts Since 1830

underwriting commission?"

The banker laughed:

No, I won't even admit that. It looks that way, but it isn't necessarily true. When you place an issue privately, the law strictly limits the number of buyers you can approach. You have to take the price that a limited number of buyers will offer. However, there may be thousands of other buyers who would have offered you more. Those are the buyers an investment banker reaches through a public offering. So it is entirely possible that, even allowing for a bankers' commission,

you might get a better net price on a public offering.

But the biggest disadvantage of private placement is one that most corporations never think of. It's a cold, dollars-and-cents reason that outweighs all possible benefits, in my opinion. It has to do with sinking fund operations.

The \$25,000,000 issue you are contemplating will have a sinking fund sufficient to retire \$10,000,000 of the bonds during the life of the issue. If you sell your issue to a half dozen insurance companies, there will be no quoted market, and you'll probably have to pay the full

call price for all bonds you buy for the sinking fund over a period of 20 years. If, instead, the issue is publicly held, there will certainly be many times during the life of the issue when the market will be quoted at a substantial discount because of changes in the general level of money rates over a long period of years. That will give you a chance to buy bonds for your sinking fund at much more favorable prices. The lower cost of sinking fund purchases over the life of the issue should far more than offset any advantages to be gained by private sale of the issue.

Where Farmers and Business Men Get Together

BUSINESS men members of the Upper Monongahela Valley Association in West Virginia have turned their attention to increased agricultural production as the most logical method of restoring prosperity to their community which has suffered from a decline in the coal industry.

The Valley Association believes in the principle of visual demonstration and is using a traveling exhibit to show both business men and farmers how they can help each other. For part of this program a sedan delivery truck has been equipped to travel the ten counties in northern and central West Virginia with a portable motion picture outfit to show pictures of

soil improvement, livestock raising, poultry raising, sheep raising and marketing.

Aside from their visual education program, Association members have gone into action with actual contributions destined to improve the quality and quantity of that area's production. Among their accomplishments has been the acquirement of eight purebred dairy bulls which are lent to farmers at no expense. The area is particularly adapted to dairying and officers of the Association believe that better breeding stock will help to bring more profit to the dairymen.

In the interest of soil improvement the Association worked to find a cheap lime supply and urged the use of more fer-

tilizer and proper crop rotation. Results of the past year show more lime placed on the Valley soil than in any previous year, and corresponding increases in the seeding of legumes and retirement of submarginal land.

Strawberry growers of the area sought means of publicizing their small, but excellent, crop in marketing it cooperatively and increasing acreage. A festival designed to promote strawberry raising which in three years has become a major promotional and recreational event was organized by the Association.

Similar promotional and educational events have been planned to increase the production and marketing of potatoes, eggs and poultry products. A statewide ham and bacon show to which hotel and restaurant owners were invited; a purebred bull show and sale; and a dairy cattle show were inaugurated last summer.

Another interesting development has been the creation of a demonstration wood lot on a small tract as an experimental feature for all farmers of the area.

Business men are invited to see and learn all they can about these agricultural fundamentals. And in turn the farmers are invited to attend industrial exhibits where the Valley's factory products are put on display. By interchange of information, the Valley officials expect to create an understanding of each others' problems that will result in beneficial coordination between farmers and business men.

—F. LESLIE BODY



An industrial exhibit is held to acquaint farmers with the community's factory products

A truck with motion picture equipment is used to reach all farm areas



**Tremendous Power
made Flexible...**
... that's Rotogravure!



● Have you ever watched the water rush over the spillways of a great dam and marveled at the fact that from this one source can be drawn not only the millions of horse power required to operate all the industries in the entire area, but the quarter mouse power needed to run your electric razor?

IN ADVERTISING the combination of power and flexibility typified by a great dam has its counterpart in the Rotogravure Sections of Sunday papers. For with them you can blanket the entire country or isolate a single area with parallel economy—parallel coverage.

An overstatement? Consider the facts! Every Sunday some 16,301,767 Rotogravure Sections are published. Any one, bought singly for test purposes or special sales efforts, will provide you with the saturating coverage which only a local newspaper can give . . . or, if the nation is your market, by using all those sections you can get national coverage of better than one out of two families at very low cost.

For an example of what happens to the sales of a manufacturer who puts rotogravure's power back of advertising, read the case study on the next page.

For help in developing a rotogravure campaign call on Kimberly-Clark. Because in addition to manufacturing Rotoplate, Kleerfect, and Hyfect—three of the most widely accepted rotogravure printing papers—the Kimberly-Clark Corporation maintains a bureau of statistical information and a trained technical staff for publishers, printers, or advertisers faced with any problem arising over the use, preparation or printing of rotogravure copy. Please address your request to Kimberly-Clark Corporation, 8 S. Michigan Avenue, Chicago, Illinois, Advertising Department.



RALSTON PURINA COMPANY, INC.
CHECKERBOARD SQUARE, ST. LOUIS, MISSOURI

October 17, 1938

Kimberly-Clark Corporation
Eight South Michigan Avenue
Chicago, Illinois

Gentlemen:

A little over a year ago Shredded Ralston was being sold on a semi-national scale with scattered distribution in widely separated markets. Our plan for 1938 called for national distribution and sales to be secured quickly and completely. Since Shredded Ralston was a new product with a distinctive size and form as a major selling feature, it required strong product and package identification.

To meet the problem of introducing this new product successfully we employed newspapers, magazines, poster, and, of course, rotogravure. Rotogravure was used for definite reasons: first, to supplement our other media by providing heavy circulation in the large city markets to reach both the masses and the classes and, secondly, to help us secure the most realistic reproduction of our product in order to assure the essential product and package recognition.

Rotogravure results have been most satisfactory in both the use of full color and monotonies.

We now have national distribution, and the grocery trade tells us that sales of Shredded Ralston are exceptional for a new product. After a little better than a year Shredded Ralston has won its place on the daily breakfast table in American homes from coast to coast.

Yours very truly,

RALSTON PURINA COMPANY

G. M. Philpott

G. M. Philpott
Director of Advertising

ROTOGRAVURE

helped get Quick Distribution and Sales for Shredded Ralston

*More for
your money
in
Rotogravure*



**Kimberly-Clark
Corporation**

Established 1872 • 67 Years of Service • Maunah, Wisconsin

NEW YORK

123 East 42nd Street

CHICAGO

8 South Michigan Avenue

LOS ANGELES

310 West Sixth Street

SHREDDED RALSTON IS MY FAMILY'S FAVORITE CEREAL



Never before has any cereal won so many friends so quickly as Shredded Ralston. Tiny shreds of healthful, nourishing whole wheat spun into a convenient new bite size and baked a tempting golden brown. Let your family taste Shredded Ralston's delicious flavor—and watch how quickly everyone asks for more.



Whole wheat
the way
you'll like it

It's Bite Size

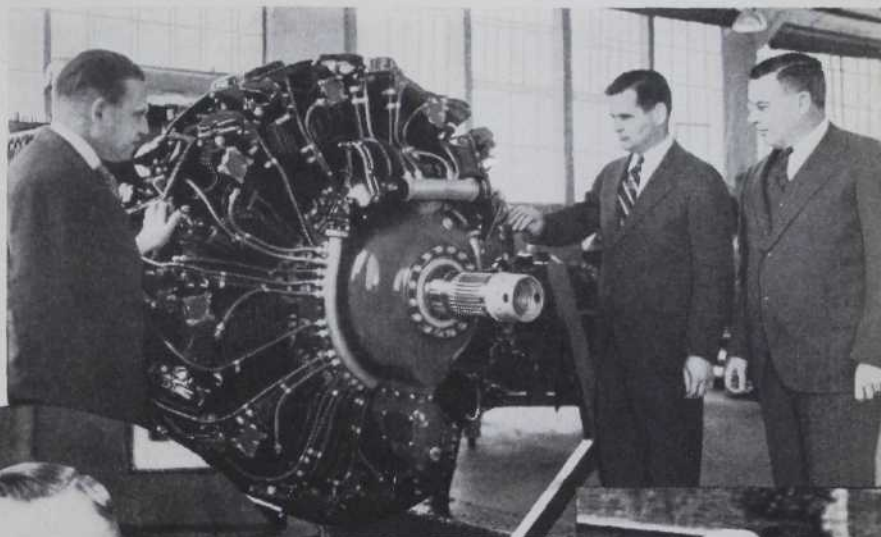


READY-TO-EAT CEREAL WITH NEW DELICIOUS FLAVOR



R. M. Howard

Leaders in the March of Business



George Chapline
P. B. Taylor
M. B. Gordon



Walter Geist



H. W. Roden
at his college
class reunion

FIFTY years ago R. M. Howard drove a horse car on a stub line in Davenport. Some years later, with another workman, he built that city's first X-ray machine. Then he headed utility companies in various cities of the Mid-West until he settled in Winona in 1911 where he is now general manager of the Mississippi Valley Public Service Co. His employees have won five National Safety Council contests. Last month he celebrated his 50th year in the harness.

Two 9-cylinder engines built on one crankcase and using a common crankshaft is the powerhouse which is said to be the world's most powerful aircraft engine. Officials of the Wright Aeronautical Corporation who took a prominent part in its construction are Vice President George Chapline, Chief Engineer P. B. Taylor and Vice President and General Manager M. B. Gordon.

An errand boy, Walter Geist, entered employ of Allis-Chalmers in 1909. Later he originated idea of the multiple V-belt drive of power transmission which has helped to eliminate long centers and resultant waste of factory space. Last May he won promotion to vice presidency of his company.

Thirty-five per cent of the nation's babies are reported to be eating Clapp's strained vegetable foods. In the past 12 years, sales have risen from 3,000,000 units to more than 150,000,000 units. Company was recently sold by Johnson & Johnson to American Home Products Corp. H. W. Roden, president of Harold H. Clapp, Inc., remains as operating head.

The largest privately owned fleet of oil tankers in the world—205 vessels—is owned by the Standard Oil Co. of New Jersey. Robert F. Hand, in charge of the company's marine department, is in command of this fleet. Promotion of safety and training of ship personnel have been his specialties for years.



Mr. and Mrs. Robert F. Hand

Twin THREATS TO YOUR PROSPERITY



FIRE—CRIME

FIRE menaces all business—always! Crime shows no signs of decreasing. Your surest protection against this double threat to your prosperity is by means of a watchman constantly on guard to prevent small blazes from turning into large fires—to prevent sneak thieves from endangering your profits.

THE SUPERVISION of that watchman is just as important as the watchman himself. A Detex Watchclock System checks your watchman as he makes his rounds—it is your guarantee that not one single point in your plant escapes his regular vigil. It is his best evidence of a task faithfully performed.

TODAY in more than 50,000 plants the country over, 80,000 Detex Watchclocks are nightly giving protection against these twin dangers, allowing owners to sleep easily, assured that their plants are well guarded.

A DETEX SYSTEM is a simple, economical method of plant protection. It is so flexible that it serves equally well in the small plant with a single station or the large plant with hundreds—its capacity is unlimited. Regardless of what your supervisory problem may be, a Detex Watchclock will fit it exactly. Write today for complete information.



DETEX WATCHCLOCK CORPORATION
80 Varick St., N.Y. 4153 Ravenswood Ave., Chicago, Ill.
29 Beach St., Boston Rm. 600, 116 Marietta St., Atlanta

NB-7

DETEX

WATCHMEN'S CLOCKS

NEWMAN • ECO • ALERT • PATROL

Button, Button, Who's Got the Button?

(Continued from page 28)

chairman of the board. In 1938 H. C. Page became president.

But no retired old gentleman is Ben Whitehead. Every morning from October to May he is at his large glass topped desk, with photographs of past presidents—and one of his old Jersey friends, Tom Edison. He smokes a morning cigar, and about one o'clock goes to lunch, usually to the Newark Athletic Club, which he helped to found. He has been a great joiner and although he may get business from the Lions, Kiwanis, Rotary and such, he joins because he likes people.

What he cares most about, I think, is his summer home at Kezar Lake, near Lovell, Maine, which is hard by Fryeburg. He goes up in May and stays until October. When I told him that Charles E. Van Loan and Bob Davis and I put in two weeks at Kezar Lake in the summer of 1905, he didn't want to return to his buttons. It was in 1892 that the use of celluloid (celluloid was invented by John Wesley Hyatt, June 15, 1869; patent number 91,341) became widespread. Even now I can recall that those early celluloid things—my father had a calendar—exuded a smell that was simply a celluloid smell.

A boom in buttons

THE big order came along for celluloid buttons—it was Mr. Whitehead's idea, he said, to have the pin-back—from the American Tobacco Co., to give away with cigarette packages. Before that, cigarette pictures were given away—actresses, baseball players, Indian chiefs. And then buttons began to avalanche upon the nation. The tobacco folks wanted 100,000,000 buttons and wanted them at the rate of 1,000,000 a day.

So the Newark firm—and mind you, this was more than 40 years ago—issued, printed, and delivered 1,000,000 buttons a day for 100 days. The re-orders were heavy, too. W. & H. veterans tell you that the button business got so big that the young men could hardly believe it; in those enormous quantities they cost the cigarette dispensers about half a cent each. The brands advertised were many: Sweet Caporal and Richmond Straight Cut, of course. And Little Pinkies, High Admiral, American Oval Crimped Seam, and Pin Head.

The most popular of the buttons was the motto variety, because they were not limited to any product. One button might say "Just Tell Them That You Saw Me Drinking Pabst's" and another "Just Tell Them That You Saw Me Wearing Selz Shoes." There were buttons for steamships, sailboats, national and local candidates for office, Biblical quotations, religious societies, local chapters of the League of American Wheelmen, firemen's carnivals, fraternal orders, excursions—the list of customers was limitless.

Was? Is. Hundreds of thousands. And virtually all of them solvent. The office says that loss from failure to pay has

been phenomenally low—a fraction of one per cent.

For many years—nobody in the organization knows just how many—nothing that the company made was sold by the purchaser. The buttons always were, and are, given away. Why even today Sam, the West Tenth Street milkman, gives the kids Sheffield buttons with flags of all nations.

The leather novelties, some of them wholesaling at \$4, are given away to customers of the buyer. A desk set in solid bronze, made to give away to *de luxe* customers, costs as high as \$28. The costly commemorative medals are given to employees; the calculators, such as air pressure gauges are donated by airplane companies. The great preponderance of the business still is give-away stuff. But in the early days, they made letters for typewriter keys; now radio dials is a not inconsiderable sales item; and sealers sell into momentum money.

You know, of course, what a sealer is: one of those things that keeps cosmetics from evaporating. The company also sells leather cases for electric razors. Signs, mostly the kind you see suspended on chains, became a part of the growing business. In department stores you have seen Butterick and Delineator signs; in saloons the Ebling's Beer; in drug stores the Horlick's Malted Milk and Drink Coca Cola; many a fire or life insurance company uses such advertisements. Motor car shields, like the Cadillac's aegis, are made by the Whitehead & Hoag Co. They fashion these interchangeable card badges, such as alumni associations and banquet crowds use; identification bars; social security card cases.

They have an art staff to handle the routine stuff; somebody wants a medal, and the art staff designs it. When a customer was fussy or prodigal or both, a well known costly sculptor, maybe Emil Fuchs, or Bela L. Pratt was called in. Even Augustus St. Gaudens has been on the pay roll. And, by the way, in the 1900's when Rube Goldberg was running "I'm The Guy" and "Foolish Questions," and Tad was popularizing "Nobody Home" and "Nothing To Do Till Tomorrow" the cartoonists received checks for the use of their brain tots.

There are other firms in the button and advertising novelty business; W. & H.'s biggest competitor is Bastian Bros. & Co., Rochester. Whitehead & Hoag have 70 branch offices; Mr. Whitehead's son, Raymond B. Whitehead, is secretary of the company, and Mr. Hoag's son, Philip, is vice president.

In New York in the 1900's there was Meyer R. Bimberg, known especially to readers of Rennold Wolf's column in the *Morning Telegraph*, as Bim the Button Man. Incidentally, the Bimberg family still is in the button business at 10 West Twenty-third Street. The story was that Bim, a great fellow for political dope, went up to the Republican State Convention at Saratoga Springs in 1898 with 25,000 James Schoolcraft Sherman but-

tons. The nominee was Theodore Roosevelt.

"Is this Bim the Button Man?" somebody asked.

"No," said Mr. B., "this is Bum the Bitten Man."

I went to Newark for a few minutes' scoffing; I stayed, in fascinated prayer, for two days. The place is a vast museum of Americana; the buttons and badges, from the bicycle to the streamline automobile, from "Keep Your Shirt On" to "Is My Face Red!" are a surface history of the nation's commerce and politics; of its popular slang and of its ephemeral fads and heroes.

The Whitehead & Hoag head men tell you that the business itself is continuously enthralling, because they never know what kind of order may come in overnight. One customer may ask what could be done—design, speed, and price—with 10,000 memorial plaques of Zenith, Ohio, to give away to commemorate the fiftieth anniversary of the Chamber of Commerce; and maybe somebody wants 100,000 celluloid blotter tops; or a single medal. About 20 per cent of the company's output is produced about three months from the time of the order; 80 per cent in about three weeks. Often, in emergencies, buttons and novelties are issued on 24 hours' notice.

Whitehead & Hoag's theory is that they need not care who should make the ballads of a nation if they are permitted to make its buttons. And adv nvlts.

Cooperating for a Finer America

(Continued from page 36)

ity of a soil-cement mixture was proven, and opened an additional market for 20,000,000 barrels of cement a year.

Two hundred miles of low-cost soil-cement roads, representing 96 projects in 26 states, have been built, and more than 23 acres of soil-cement have been used for walks and exhibit space at the Golden Gate International Exposition.

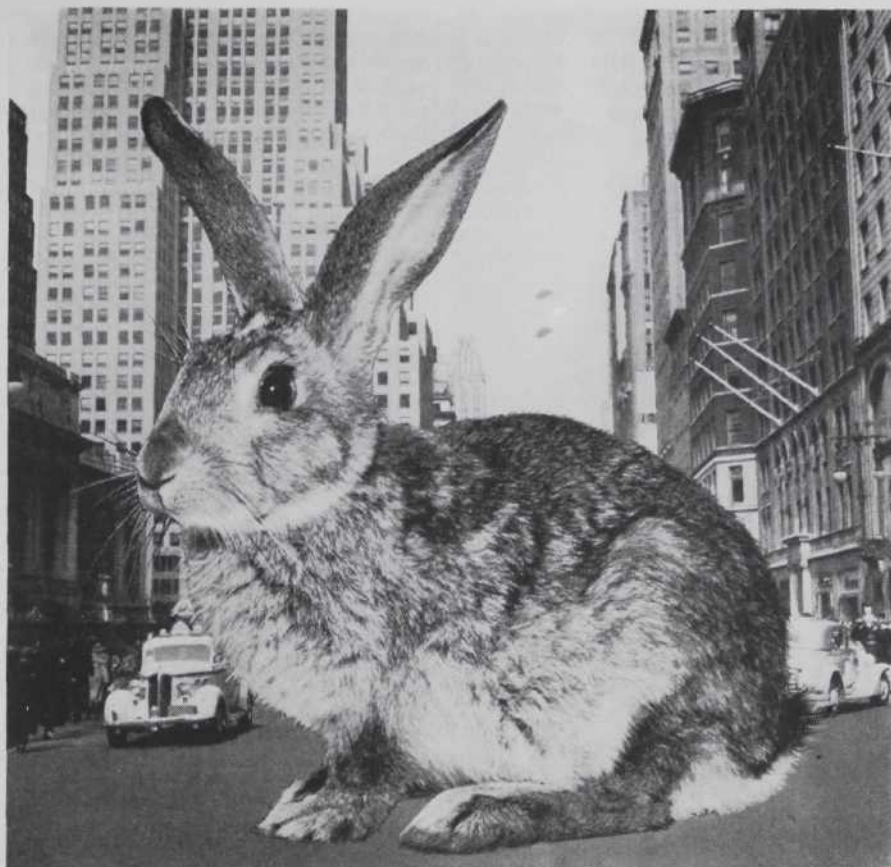
The Jury of Award presented Honorable Mention Certificates to the following organizations:

The American Dry Milk Institute, Association of Manufacturers of Chilled Car Wheels, Automobile Manufacturers Association, Cooperative Food Distributors of America, Cotton-Textile Institute, Institute of American Meat Packers, National Retail Dry Goods Association and Tanners Council of America.

The activities described in the briefs submitted by these and the other associations cannot be classified arbitrarily. A few special types of organization work, however, may be emphasized.

Technical research problems engaged the attention of several associations. By "research," the layman visualizes scientists working behind locked doors, creating a valuable secret. The cooperative of private business effaces that conception. The first step of these several associations is to ask government bureaus, competitors, colleges, and allied industries: "What do you know about this problem? This is what we know."

The American Dry Milk Institute con-



Copyright 1939, American Credit Indemnity Co. of N. Y. X13

Rabbits and Business Live Only Six Years

The average life-span of a rabbit is six years.* The average life-span of business is also only six years, a fact verified by a national credit reporting institution, after a special six months' research covering 2,000,000 industrial and commercial enterprises -- manufacturing, wholesale, retail, and construction, but not financial, railroads or professional.

Think of the menace to receivables under conditions in which each year 17.6% of all commercial and industrial houses either quit business, sell to successors, or become insolvent, with or without recourse to bankruptcy.

Wise executives *anticipate* this appallingly high death-rate and its dire credit risks by covering all accounts with

American Credit Insurance

"American Credit" steps in when debtors default through insolvency, reorganize under the Chandler Act, or simply fail to pay for goods shipped, under the terms of the policy. All established claims are promptly paid. Capital is kept turning.

Many of the country's "industrial giants" protect their accounts with American Credit Insurance. So do thousands of smaller Manufacturers and Jobbers in over 150 different lines of business. Investigate Credit Insurance -- the most economical method of maintaining an adequate reserve for credit losses.

* "Everyday Problems in Biology" by Pieper, Beauchamp, Frank.

AMERICAN CREDIT INDEMNITY CO.

of New York

Chamber of Commerce Building

Offices in all principal cities of United States and Canada

J. F. McFadden, President

St. Louis, Mo.



Where your employees can get cash loans

When misfortune comes to a wage earner—an accident or a long illness in the family, for instance—his savings are usually soon exhausted. Then he's likely to come to you for a loan. You want to help him, if you can. But your directors may properly feel that the company can't act as family banker to all your employees.

Cash credit for workers

Where, then, are your workers to borrow? From a bank? Banks require collateral which wage earners don't often own, or co-makers whom they can't readily get. From their friends? Their friends' incomes are as limited as their own.

To make loans to those without bank credit is the job of Household Finance. From Household the responsible worker can borrow from \$20 to \$300 on a business basis and at reasonable cost. Repayment is made in 10 to 20 small monthly installments. Last year the Household plan helped more than 600,000 men and women.

More for their dollars

Household Finance renders another important service to wage earners. Household's educational program on money management and better buymanship shows families how to save on daily necessities—how to get more from their incomes. Hundreds of schools and colleges use Household's helpful publications as texts.

The coupon will bring you, without obligation, further information about Household service and how it can help your employees. Why don't you send it now?

HOUSEHOLD FINANCE CORPORATION and Subsidiaries

Headquarters: 919 N. Michigan Ave., Chicago
"Doctor of Family Finances"

one of America's leading family finance organizations, with 241 branches in 153 cities

See Household's interesting exhibit "Stretching Your Dollar" at the New York World's Fair

HOUSEHOLD FINANCE CORPORATION, Dept. NB-7
919 N. Michigan Ave., Chicago, Ill.

Please send me booklets about Household's family money service without obligation.

Name

Address

City State

ducted chemical analysis of the nutritive value of dry milk solids. Its findings threw new light upon the economy and quality of its product. The Institute's formulae offered a scientifically improved bread to the bread makers, a better flavored and better colored meat to the sausage makers, and an opportunity to the animal feeders to sell earlier their whole goat's and cow's milk.

The double pressure of new competitive products, plus an excessive production of dry milk solids, induced the Institute to seek to widen its markets. By direct interviews in hospitals, candy factories, hotels and macaroni factories a potential market four times the present market was uncovered.

Aware that 50 scattered plants were producing annually from 1,500,000 to 2,000,000 freight car wheels of widely-varying design, the Association of Manufacturers of Chilled Car Wheels believed it desirable for the industry to manufacture a uniform wheel.

With outstanding success, the Association developed scientific instrumental chill limits, which determine the service-life of a wheel, previously determined solely by the expert eye of a foreman; it devised new methods which contributed to the uniformity of construction and economy in the use of materials.

In 1938, after long research, the American Institute of Steel Construction, Inc., arrived at a more economical design for the rigid frames used in bridges and buildings. These new structural shapes and methods of fabrication and erection have changed radically the architecture of steel, and promise by their economy to extend widely the use of steel.

The Automobile Manufacturers Association designed a campaign directed at lowering the used-car inventories of automobile dealers. The destruction of cars which constituted hazards on the highways was popularized as one feature of the campaign conducted during "Used Car Week," sponsored by automobile manufacturers and dealers.

The achievement of the Cotton-Textile Institute demonstrates the effectiveness of a single, unified, solid front. The Institute faced the problem of curtailment of funds for cotton promotion resulting from conditions in the cotton industry. To encourage the big and little firms to do their full share, and to broaden the basis of the funds for cotton promotion, the Institute projected a Cent-a-Bale Fund—an invitation to all merchant-shippers and mill owners to subscribe one cent a bale on cotton.

This fund was used to sponsor the annual observance of Cotton Week—inspiring 50,000 retailers to invest \$2,225,000 in advertising; to print and distribute 11,000 idea books on Cotton Week; to buy 575,000 lines in newspapers and magazines; to conduct co-operative promotional work with allied groups; to make, at the New York World's Fair, the first application of the use of fire-proofed, impervious cotton duck as a facing for the plywood panels used in walls of low-cost houses; to sponsor the Cotton Consumption Council, through which representatives of cotton growers, public officials of the cotton states, and retail chairmen of

allied groups participated in a ten-point cotton consumption program.

Facing a precipitous drop in live stock and meat prices, the Institute of American Meat Packers aroused 5,000,000 livestock producers and feeders, 43 railroads, hotels, restaurants, farm equipment industries, the trade press, and agricultural colleges in a campaign to check the price falls and to restore confidence in the quality of meat and its attractiveness in price. Six hundred chairmen distributed 8,000,000 pieces of material to 200,000 retail stores, 3,000 newspaper stories, 40,000 posters in railroad stations, 1,000 talks on the air, and 2,000 talks before clubs and other civic bodies. The cash income from livestock for 1938 totalled \$1,893,000,000—only seven per cent less than in 1937.

Gas brought up to date

LIKEWISE, the American Gas Association, in a national campaign tied in with a local campaign, remolded public opinion as to the modernity of gas for central heating, water heating, cooking, and refrigeration. Within a year, it streamlined the handles of gas ranges, abolished the vision of antiquated gas lights from the mind of American housewives, and installed gas meters in 2,000,000 more homes, raising the total number of meters in homes to 16,000,000.

The Memphis Purewash Institute demonstrated how a local trade association can win prestige and customers for the industry. A downtown "laboratory" costing \$1,500, plus \$500 a month for maintenance and about \$1,000 for advertising, enabled 1,600 families to test the advantages of the commercial laundry.

Incidentally, more than half of them became customers.

Effecting the same cooperative front in the retail business, the National Retail Dry Goods Association organized members and non-members in 159 cities in the observance of a National Retail Demonstration Week—with the common aim of presenting to the public a "confident and confidence-inspiring" retail front, and of selling to the public the retailer's function in the social community, his place in the scheme of things.

In numerous ways, associations have increased consumer and public understanding of their respective fields of business.

What conscientious housewife doesn't worry about the value she receives from the dollars spent on food? "Who Gets Your Food Dollar?", published by the Cooperative Food Distributors of America, is dedicated to her, and its 129 pages throw light upon the division of each food dollar.

Romantic but factual, the new handbook, "Lake Superior Ores," has been compiled and published by the Lake Superior Iron Ore Association to serve the needs of the iron industry, trade schools, colleges, and government departments.

Until recently, there was but scanty literature on "Grinding Wheels and Their Use." Now, in a 375-page volume, the Grinding Wheel Manufacturers' Association has assembled the latest procedures in modern grinding practice. Fourteen thousand free copies were mailed to pub-

lic libraries, to universities, engineering colleges, and apprentice departments of industries.

The "Twenty-fifth Anniversary Blue Book" of the National Association of Waste Material Dealers has been sent to every country in the world because its presentation of classifications and trade customs is necessarily of interest to thousands of diversified industries which produce waste in their operations.

Call in a trade association and you are calling in the combined forces of a nation-wide industry or a coast-to-coast chain of competitors.

Aware of trends, and capable of anticipating the adjustments necessary between unions and companies, between government and industry, it can serve as mediator between irreconcilable forces. Several of the special problems which associations tackled in 1937-1938 demonstrate the suitability for this rôle.

The turnover of processed leather in the tanning industry is slow; consequently, 55 per cent to 60 per cent of the industry's total assets must be held in inventory. The Tanners Council of America recognized that the prescribed method of using the fluctuating market valuation as inventory valuation gave a distorted picture.

The Revenue Act of 1938 permitted the application of a new accounting principle among smelters of non-ferrous metals and tanners. It is a huge stride forward in public relations that the Tanners Council of America should aid in devising a tool of stabilizing influence not only upon tanning operations, but upon government revenue.

Fighting unjust tax

BEHIND the headline statement of the Chicago Graphic Arts Federation, Inc.—"Cooperative Action by an industry eliminates an unjust tax which had penalized advertising and upset normal competitive conditions"—is the story of 200 plaintiffs who, through the Association, obtained a decision in the Supreme Court of Illinois releasing printers and lithographers from a three per cent tax and restoring to them \$1,350,000 in back taxes.

The campaign of the Typothetae-Franklin Association of Detroit lifted discriminating sales taxes from trade publications, service advertising, and sales promotional material, and saved its members \$200,000 in taxes.

The Independent Petroleum Association of America has directed its most recent efforts toward balancing supply and demand in the production of crude petroleum. As a result of the Association's campaign of facts in 1937-1938, bills were introduced in the legislatures of nine states asking that each state have an oil conservation law providing for the prevention of underground and above-ground waste.

To help direct legislation into paths sympathetic to the best interests of millions of small business men, the Book Manufacturers' Institute sponsored the organization of the National Small Business Men's Association. In common the two organizations wished to work with the federal Government in determining what ideologies were suitable and neces-



Lena, the loan shark, quits cold—

LENA was as honest a girl as ever told her right age—and had a lovely disposition, even on Mondays. But after the office manager put Lena in charge of the stamp box, she developed dithers.

There was Harry, who air-mailed a letter to his girl every day, and borrowed 9¢ in postage every other day. The salesmen got casual loans of twos and threes from Lena. Joe, the office boy, addicted to clipping coupons and sending stamps, often owed Lena plenty. Then the week before Christmas, the president's secretary requisitioned 298 threes for the boss's Christmas cards . . . The first of the year found Lena behind \$31.19—and behind the eight ball with the office manager.



So the girl got grim and started in to collect her stamp loans. She gathered more alibis than Johnstown in the Preakness. She even braced the President, who applauded her conscientiousness but was out of small change at the time. Collecting became a crusade with her. And the payoff came when Joe called her "Lena, the loan shark." Lena broke down

in tears and threw up her job . . . But the office manager smoothed things over with (a) a moratorium, and (b) a Postage Meter.

Lena just loves the Postage Meter. Nobody borrows stamps any more—because there aren't any. An attempt to pass out a personal letter on company postage now gets a raspberry frappe. The Company gets the postage it pays for, and only pays for the postage it gets.

There is no reason why your office should limp along without the Pitney-Bowes Meter. It does away with old fashioned sticky stamps, prints postage, postmark and an advertising slogan mechanically, positively and rapidly. It saves mailing time, cuts postage costs. It never runs out of postage denominations. It seals envelopes as it prints postage. Metered postage can't be borrowed, sold or traded. If any bold, bad burglar ever cracked your Postage Meter, he would get nothing but a little healthful exercise. You just can't lose with a Pitney-Bowes Meter, and you can save postage! There are models for every office, large or small. Get a demonstration in your own office on your own mail—just call the nearest office of The Postage Meter Co.

FREE to business mail users—the POSTAGE COMPUTER. Pocket size, easy to use, invaluable. Shows instantly postage costs all classes of mail; parcel post all zones up to 24 lbs.; with digest of important postal information. Write on your business letterhead.

THE POSTAGE METER Co.

1322 Pacific St., Stamford, Conn.

PITNEY METERED MAIL BOWES

Branches in principal cities . . . Consult your telephone directory

IN CANADA: The Canadian Postage Meters & Machines Co., Ltd.



Let
Kimpak
REG. U. S. PAT. OFF. & FOREIGN COUNTRIES
CREPE WADDING
help you, too!



**Use It for a New Product . . .
to Improve Old Products . . .
to Cut Cost of Manufacturing**

● KIMPAK* is the pure cellulose fibre product which foremost manufacturers use to protect merchandise in transit. In addition, KIMPAK has properties which make it adaptable to combinations with other materials, or as a substitute for more costly materials.

KIMPAK solves many manufacturing problems because of its natural degree of absorbency and porosity to fluids, gas or air, its low density, its laminated structure, its flexibility, its chemical resistance, its ability to absorb sound and retard heat.

It may pay you, as it has others, to learn more about KIMPAK. Write for free portfolio of samples.

*Reg. U. S. Pat. Off. & Foreign Countries

KIMBERLY-CLARK CORPORATION
NEENAH, WISCONSIN

Sales Offices: 8 S. MICHIGAN AVE., CHICAGO
122 E. 42nd ST., NEW YORK CITY
510 W. SIXTH ST., LOS ANGELES

FREE!
PORTFOLIO
OF SAMPLES

KIMBERLY-CLARK CORPORATION
Neenah, Wisconsin NE-7
Address nearest sales office listed above:
Please send us the 1939 Portfolio of KIMPAK.

Company _____
Address _____
Attention _____



sary to healthful business conditions. In non-partisan spirit, the Associations fought the Supreme Court packing bill, the reorganization bill, and certain items of the Wagner Act.

In September, 1937, the Pleaters and Stitchers Association, Inc., avoided a strike among members at the expiration of an agreement with the International Ladies Garment Workers' Union, and, a little later, bridged a second crisis by successfully directing negotiations for a new agreement.

It has devised an inspection system in cooperation with the union that keeps up with the daily situations in the shops. Together, a union representative and an

association representative visit the shops every day. Complaints are investigated immediately; misunderstandings are cleared; and bad trade practices are corrected.

To quote Secretary Hopkins again:

It must be borne in mind that each association was active in many other fields than those mentioned.

Obviously, it was not the purpose here to describe fully the activities of the associations which entered the contest, but rather to aid in fulfilling the hope expressed by the Jury Chairman "that the educational factors of this contest will assist the onward growth of wholesome trade association endeavor."

From Ballyhoo to Civic Service

(Continued from page 16)

From a wide variety of fields. Once they were largely drawn from politics, but that is no longer true. Too many technical qualifications are required of a secretary. If he serves a manufacturing community, he should know machinery and tools, shop methods and practices, the operation of a production line, costs and cost accounting. He should be able to read a balance sheet and income statement, and place his fingers on the weak points. He should know retailing in its various branches.

He must be sufficiently conversant with transportation to familiarize himself with the freight rate structure of his city, to detect discriminations, and to negotiate adjustments.

He should know the principles of organization and committee procedure. He need not be a lawyer, but he should know considerable law. If serving an agricultural community—and there are few secretaries to whom agriculture is not important—he should know something about that subject, particularly the agriculture of his particular section, including both production and marketing problems. He should know the geology of his state and region. He should know publicity. He should be able to make a good speech. Above all he should deal strictly with facts.

A pretty large order, requiring an individual with a wide range of fundamental knowledge, as well as technical proficiency in certain specialized lines. It is not so simple as many people suppose to win the loyalty, support, and confidence of a wide variety of men, who frequently have opposing interests.

One of the best training schools for secretarial work is the modern newspaper. Hence, more secretaries have come from the newspaper field than probably any other.

A second source is the educational field, particularly school management, and to a lesser degree, teaching.

A third field closely akin to chamber of commerce work from which many secretaries graduate into the "profession" is that of the trade association, research groups, and similar activity.

Our universities have turned out a great many men for secretarial work in chambers of commerce. This is partic-

ularly true of the School of Commerce of the University of Illinois, which pioneered in putting on a special course in this line of work. A recent survey disclosed 38 University of Illinois men actively employed in chamber of commerce activities.

Railroads train traffic men and make them experts on rate matters. Chambers draft these men into their traffic departments, and sometimes they graduate into chamber of commerce management jobs. J. P. Haynes, manager of the Chicago Association of Commerce; Harry J. Bell, of the Milwaukee Association of Commerce; and A. D. Murphy of the Green Bay Association of Commerce are conspicuous examples. The Y.M.C.A. has made its contributions to the chamber field also. H. Van R. Chase of New Orleans is an example. Many secretaries were formerly in business for themselves like W. N. Blanton of Houston, Texas. Several lawyers have entered the field.

Do chamber secretaries move on into other fields? There is a natural turnover to be sure, particularly in the smaller communities. But it is growing less. The remarkable feature of each annual convention of the National Association of Commercial Organization Secretaries is the growing number of individuals who have been engaged in chamber of commerce work for from 15 to 25 years, and regard it as a life task. Two men—William George Bruce, now a Milwaukee publisher, and once its Association of Commerce secretary; and S. C. Mead, secretary of the New York Merchants Association, and venerable dean of the secretarial profession—have most aptly expressed the *credo* of the chamber of commerce secretary. Says Bruce:

Every secretary should hold to the thought that his organization must reflect the highest and holiest aspirations of his community. Let him become conscious of the great office he fills, and let him realize that there is no other man in the country that can make a larger contribution to the world's happiness, to the world's efficiency, and to the world's future.

Says Mead:

The secretary can profitably ask himself searching questions in regard to his mental attitude. Is he ambitious, and

what are the ambitions which he seeks to attain in life? Is it to make money? If so, he has no place in this profession. If he finds, however, that the work in which he would engage as a secretary is one of constructive value, one which will have a permanent impression on the community after he is gone, and if he is willing to accept this part of the consideration he receives for his time and effort, then he is well fitted for this work.

Where do secretaries acquire their specialized training for this work? Several universities, through their schools of commerce, offer the basic courses that help qualify a man for a secretarial position. Of outstanding importance, however, is the National Institute for Commercial and Trade Association Executives, held each year in August at Evanston, Ill., and jointly sponsored by the Chamber of Commerce of the United States, Northwestern University School of Commerce, National Association of Commercial Organization Secretaries, and Association of Trade Association Executives.

Many students are trained

THE National Institute, as it is known, has been in existence since 1920. Each year it attracts from 175 to 200 students, both men and women. The group is divided between those looking forward to secretarial positions and acquiring their first training in organization work, and experienced secretaries who come back year after year to acquaint themselves with new developments and new techniques in both the trade association and chamber of commerce field.

The Institute is under the direction of a Board of Managers, headed by Mr. Mead, as president; and Clarence R. Miles, manager, Northern Central division, Chamber of Commerce of the United States, as secretary-treasurer.

On the Board are three representatives of Northwestern University, President Walter Dill Scott, Assistant Dean E. C. Davies, and Prof. Fred E. Clark. ATAE and NACOS, the two secretarial groups, also have three representatives each. Representatives of the Chamber of Commerce of the United States are: Ralph Bradford, secretary; Philip P. Gott, manager, Trade Association department; and Mr. Miles.

The faculty includes members of Northwestern University staff, nationally famous industrialists and technicians, and men drawn from secretarial professions, both trade association and chamber of commerce.

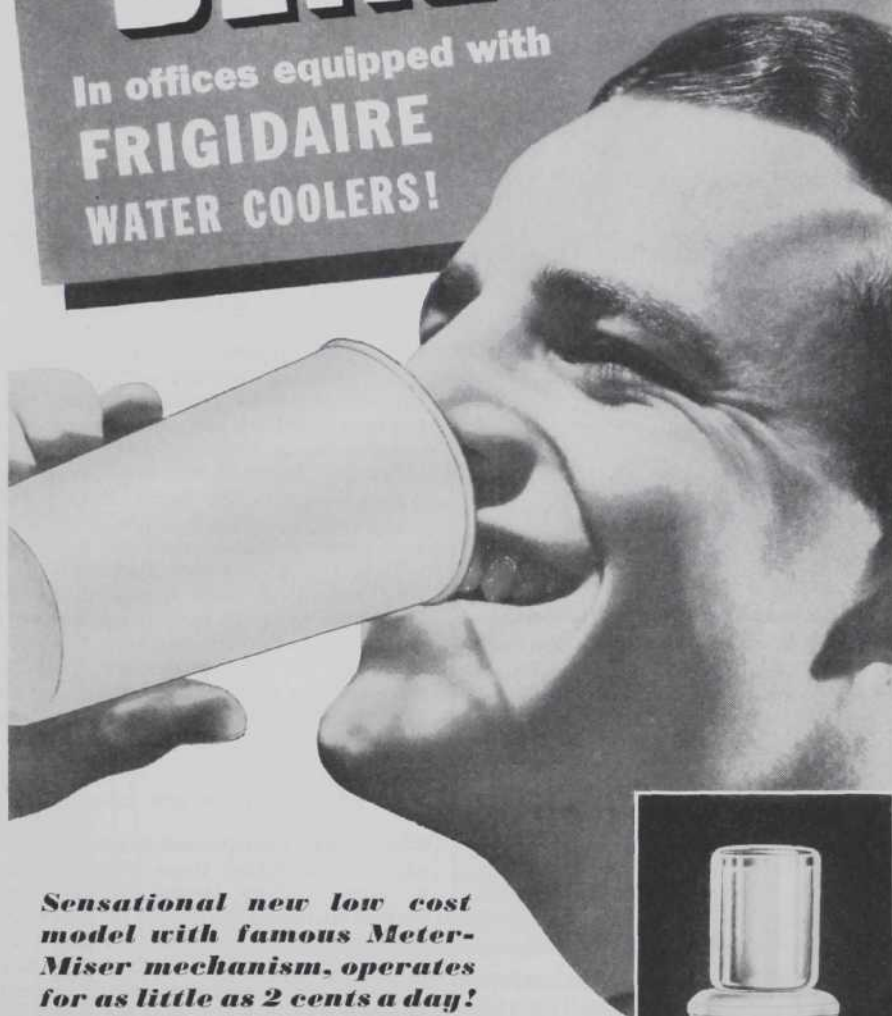
Similar institutes are conducted at Stanford University, Calif., for Pacific Coast secretaries and at Dallas, Texas, for secretaries in the Southwest.

Commerce is carving itself new channels. What effect will the industrialization of the South have upon older fabricating centers in the North? What will be the effect of proposed new super-power projects? How will air lines affect future metropolitan growth?

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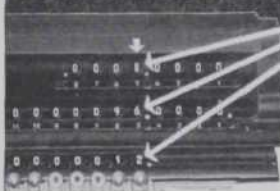


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The Railroad's "G-Men" Get Their Men, Too

(Continued from page 26)

thing in the stolen package. There were two silver bread trays too. Following every thread of possibility, therefore, a woman police operative was sent to Milwaukee to visit the "extra" baggage-man's home. She got in on the pretext of wanting to buy the house, and discovered the bread trays in the china closet.

The man confessed that he had stolen the gun and killed the messenger, and he implicated three confederates.

Railroad police forces are organized in about the same way as city police, with similar graduations in rank, often even the same titles. The men also have about the same authority as city policemen. In fact, their authority is state-wide in some places. In New York State, for instance, every railroad policeman receives his commission direct from the Superintendent of State Police.

Some men on the force have rounds as regular as those of a factory night watchman. At the other extreme are undercover operatives, whose value lies in the fact that they can go anywhere, and nobody, except the chief and perhaps his secretary, knows that they have any connection with the force. If they ride on passenger trains they pay cash fares, and pass unknown even to trainmen.

It is the undercover operative, as a rule, who undertakes special investigations and, when on routine assignments, covers cases like the boy who ran off to Paducah, or rides passenger trains to keep an eye out for card sharps, pickpockets, or shady women after easy-mark men.

Most thieves are caught

BECAUSE of the incessant watchfulness of railroad police, these offenders find it very unlucky indeed to ply their trades on trains. A couple of years ago there was an outbreak of thefts on Pullman coaches in the Chicago area. Several roads put on special details. A combination of the F.B.I. and the police departments of the Pullman Company and the N. Y. Central, soon got the thief.

He was 50-odd years old and had a record a mile long. He thought it was lovely to board trains at, say, the Englewood station, take wallets from coats hanging in the washrooms, throw away the unpaid bills and the addresses that he found inside, and keep the cash. But the bloom was off his peach when they sent him to Menard, adjudged criminally insane.

The Carlin Act is the statute which originally made it a federal offense to tamper with the seals on a freight car in interstate commerce. This law was amended in 1932 to make it also a federal offense to steal anything from an interstate train, or to take money unlawfully from another by any "fraudulent device, scheme, or game."

The amended law is broad enough to include not only pickpockets but also bottom-of-the-deck gamblers.

Trespassing constitutes a major problem for railroad police. Its importance may be seen from the fact that in 1938 they reported 3,880,872 persons, not arrested, who were removed from trains as illegal train-riders or trespassers, or were ejected from railroad property.

Some of these are vicious characters. On July 17, 1936, two I.C. police officers met three trespassers near a water tank in Carbondale, Ill., and ordered them away. One of the trespassers drew a gun and fired four shots, killing one officer and wounding the other. These three were rounded up that same night, the killer himself being killed. They were escaped convicts.

Safety is promoted

RAILROAD police eternally keep after trespassers not merely to prevent petty pilfering, malicious damage, or worse crimes, but also as a safety measure. In the ten-year period ending in 1936, 25,480 trespassers on railroads were killed, and about the same number were injured. In fact, 53 per cent of all the casualties on railroads in that period were trespassers.

Near Middletown, N. Y., for instance, a Boy Scout leader was taking six of his boys over a high culvert. Two trains were coming at the same time. Five of the boys were killed. Many a one-armed or one-legged beggar would be whole but for illegal train-riding.

Trespassers can get into trouble in many ways. Three boys were walking along the Burlington tracks and came to a high bridge that had caught fire. A train was coming. They flagged it, and probably saved several lives. Those boys were rewarded with cash.

That was fine, for them. But some other boys heard of it and thought they would like a reward too. At a secluded spot they removed spikes, unbolted angle bars, and pushed a rail clear off the ties. A popular passenger train was about due. They meant to wave a red lantern, "save" the passengers, and collect. But that night the passenger train was two hours late. Another train came unexpectedly from the other direction. It was wrecked, and four persons were killed.

Several roads lately have been sending police officers into schools to make friends of the boys, and to warn them of the dangers of trespassing, throwing rocks, climbing around cars. Larry Benson, chief special agent of the Milwaukee, has been one of the pioneers in this kind of educational preventive work.

Benson is one of the youngest chief special agents, but one of the oldest in point of service. He is a personal friend of J. Edgar Hoover, a staff lecturer to the F.B.I. National Police Academy, and a tip-top example of the thoroughly modern railroad policeman. He can be tough.

He got his start in the early 1900's on the Milwaukee-to-Portage passenger run, bouncing drunken and rowdy lumberjacks. He once trailed a station tres-

passer who shot and killed an officer—trailed him for 14 years, and finally caught and convicted him. With Mike Hughes, former chief of detectives of the Chicago Police Department, he led the chase of the Rondout mail robbers, who stopped a Milwaukee train and stole 63 bags of registered mail with contents worth approximately \$3,000,000, one of the biggest robberies ever pulled in the United States.

But he says:

"I have caught more thieves by being decent to them than by being tough."

One of the things he is proudest of is a contest he sponsors among school children, to promote safety along the right-of-way. Contestants are asked to make drawings of the streamliner, the Hiawatha, and winners get rides on her.

"There hasn't been a stone thrown at a train," he says, "in school districts where we've had that contest."

The united police front is characterized by constant interchange of information. The roads were looking for a man who was laying down spurious railroad checks. A man in Montana wrote in. His line is just 29 miles long, and its name is unknown even to most railroaders; but he contributed information that helped lay the offender by the heels.

Many fingerprints are taken

CIGARETTES were stolen from a freight car in Cleveland. Empty cartons found nearby bore latent fingerprints. Capt. A. T. Worthington of the Pennsylvania Railroad police had them developed and photographed, and sent them to the F.B.I. Bureau of Identification in Washington. The prints did not belong to any criminal already identified. They will stay on file, however. Sometime, somewhere, that thief may steal again. If he does, and when he is caught, the Cleveland case will pile up black marks against him.

Some of the railroad police take the fingerprints of every one they arrest, and file them in Washington. Indeed, West Virginia has a state law requiring officials to fingerprint all persons arrested, even suspicious characters.

In 1938, for example, the police on 91 railroad systems arrested 108,217 individuals on misdemeanor charges, 8,947 on felony charges. Of this number, no less than 6,164 were turned over to other law-enforcement agencies because the records showed they were wanted.

What commodities do railroad thieves go for chiefly? They will take almost anything they can use or sell. At one time the police were agitating a system of identifying brass car-journal bearings: thieves were taking them from freight cars in storage.

During prohibition, alcohol was about the "hottest" commodity. Gold, as such, isn't wanted; incidentally, the concentration of the nation's gold reserves at Fort Knox, Ky., was handled by railroads without a ripple or a missing doubloon.

"G-men" of the rails by any standard constitute one of the world's finest police forces. The best of all compliments is paid them by criminals themselves, who admit by their actions that it's smart to leave railroad stuff alone.

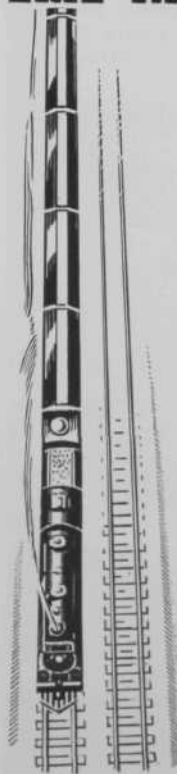


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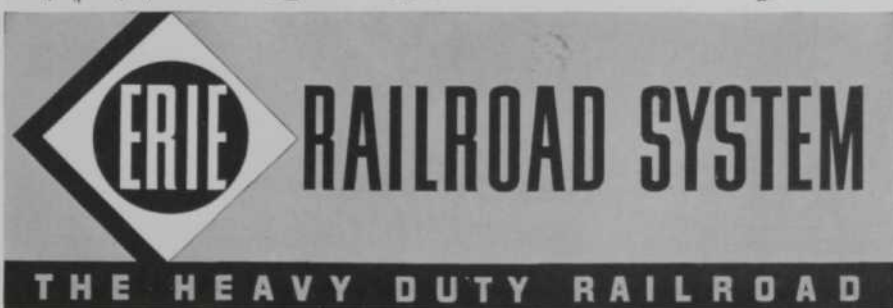
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Why Absolute Government Fails

(Continued from page 13)

cially. Such ideas presuppose a wholly different society from that in which we in America have been living. We have presupposed recognized claims and liberties, taken to be fundamental in civilized society, secured by principles and precepts formulated on the basis of experience and reason, and applied in accordance with an authoritative technique.

In our American society we are seeking, and, unless there is to be a complete revolution, we must continue to seek, a balance of competing claims and interests. The means of insuring this balance has proved to be law; and government according to law had been the foundation of our institutions. Those who would change this system often avowedly seek or argue for a goal of deliberately preferring the claims of some to the claims of others.

If, as the psychological realists assert, it is not possible for mere humans to decide controversies objectively and impartially, divorced from prejudices and predispositions and temperaments, yet it is possible to approximate objectivity, and it has proved possible in the past to approximate it on the whole very closely. It has been approximated increasingly by means of training those who decide, through a taught tradition of hewing to principles, and through the

checks on prejudice, predisposition, and temperament afforded by exact records of what is done and on what basis it is done, subjected to expert criticism by a profession trained in the principles and in the technique of applying them.

No one is likely to do better than he thinks he can do or than he seeks to do. We can only attain objective and impartial determinations by believing that we can and consciously seeking to do so. But, if objective and impartial determinations are not to be sought, and one who was recently at the head of an important federal commission has told us as much, law and principles and technique and, for that matter, courts may well go into the discard.

It is obvious, then, that the rise of administrative absolutism involves a radical departure from the ideas which have governed the development of American institutions. We had sought a balance between the individual life and the general security in which neither was to be sacrificed.

Quite opposed to this is the materialist ideal which has been propagated increasingly since the Russian revolution. Satisfaction of material wants is the highest good. If we accept Marx's interpretation, a cult of efficiency must result. Efficiency in satisfying material wants becomes the end of political organization of so-

ciety. All other consideration must be sacrificed to this. But, put in practice, it is not the wants of all that are efficiently satisfied.

It is the wants of the insistent wielders of political power, who command the machinery which chooses the lawmakers and appoints the administrative officials.

We may understand the attacks on liberty, equality, justice, and law if we perceive the Marxian materialism on which, consciously or unconsciously, they proceed. We may understand why those who take themselves to be advanced thinkers on law and government reject the two fundamental ideas of our common-law polity—hear the other side and no one to be judge in his own case. We may understand why they look complacently on administrative determinations on the basis of secret conferences with one side and resent being compelled to hear the other side. We may understand why they believe in and urge a system in which an administrative bureau undertakes at the same time to be investigator, prosecutor, advocate, and judge. We may understand the principles of legislation which secures the interest of the most insistent without regard to the interests of other groups.

The case for absolutism

FOUR propositions underlie administrative absolutism as it is urged in America today:

One is a proposition that it is impossible to decide objectively and impartially, and hence laws and principles of decision are illusory. It follows that a bureau deciding for each case as it likes is an efficient instrument of doing what must in any event be done arbitrarily.

A second is a proposition that administrative agencies are set up to be partisan or to advance the interest of one side without regard to the other, and so when they hear one side only they are only carrying out the purpose for which they were set up.

A third proposition is that there are no rights. Hence no one has a basis for complaint if a bureau deprives him of something to which he makes a claim founded in superstition.

A fourth proposition is that a law is nothing more than a threat of the force of politically organized society, made without regard to any principle of law-making other than the will of the lawmaker or his desire to give effect to the interest of the politically powerful as an end in itself.

All this is in exact accord with the political ideas of dictatorships. It is wholly out of place in the English-speaking world, in which we have stood for liberty, equality, rights, reason and justice to all. If, as some European writers contend, absolute ideas such as the four propositions stated are involved in the idea of democracy, then it is a wholly different kind of democracy from that which has prevailed in England and America for eight generations.

Temporary moral breakdowns have

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been frequent in history. We have been in one of them since the World War. Throughout the world, skepticism, cynicism, cult of autocratic power, belief in doing things without regard to the means of doing them have become widespread. The breakdown of international law, the threatened breakdown of constitutional law, high-handed administrative action and arbitrary lawmaking are everywhere manifestations of a spirit which runs counter to the march of civilization and must give way as the same spirit in other times of unrest and bewilderment has had to give way.

Our people favored liberty

IT HAS been said that the spirit of American institutions is opposed to reposing arbitrary power anywhere. We have no place in our polity for a body of supermen administrators with infallible hunches, guided by a super-superman at the head of an absolute hierarchy.

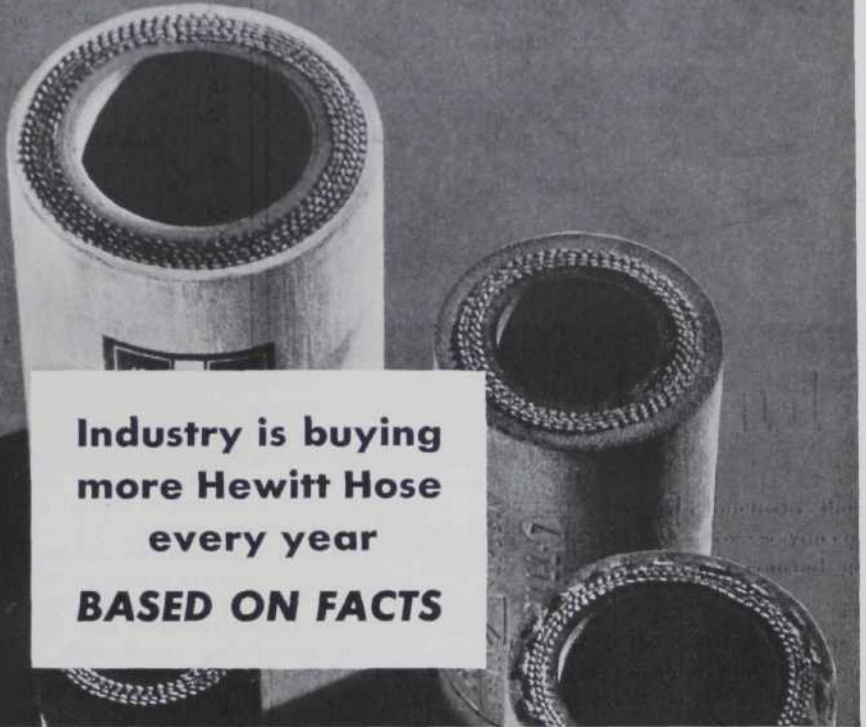
When tribunals are set up to hear one side only or feel it their duty to hear one side only; when rules are made to which those who must obey have no assured access and without opportunity for those whose interests are affected to present their case against them; when decisions are made in advance and hearings are conducted as a mere form to comply with constitutional guarantees regarded as empty formulas; when impartial review is denied or so limited as to be in practice ineffectual, every ordinary understanding of justice is violated and the only excuse can be skeptical denial that there is such a thing as justice, a belief in the superior value of the claims of some group to which the inferior claims of people at large must give way.

Such ideas were urged by those who advocated the administrative absolutism of the ancient regime in France and of the Tudors and Stuarts in England. They were urged by those who, in the past century, argued for the omniscient state. They are behind dictatorial regimes today. They are behind administrative absolutism here and now.

In nineteenth-century America we had carried the idea of checks and balances to its full development. The people had solemnly covenanted that there were things which the state ought not to do and would not do, which, therefore, its officials and agencies must not do. Even laws were to be held by law to justice, as the end of laws.

It has not been easy, however, to keep the two ideas equally in mind at all times and thus to keep the balance true. If individual spontaneous initiative and free self-assertion, on the one hand, and ordered cooperation, on the other hand, are both agencies of civilization, the demands of different times continually make one or the other stand out for the moment. In the pioneer, rural agricultural society of formative America the emphasis was on free individual initiative; in the urban industrial society which prevails in much of America today, the emphasis is increasingly on ordered cooperation. The problem of the science of government and of the science of law is to keep the two in balance.

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That's Where Your Food Money Goes

(Continued from page 18)

thin film of wax to retard drying and prevent mould.

The fruit is then graded by hand, sized by a machine, and stamped with the trade name; after which each orange is individually wrapped by hand and placed in the box. This tissue wrapping further retards drying, while the surplus twist, placed downward in the pack, acts as a cushion to prevent bruising in transit.

In packing lettuce, each head is trimmed, washed, sized, and packed in snow ice by hand. Fully half of what enters the packing shed is discarded. This may seem an awful waste of salad makings; but the culled heads would not sell for enough to pay the freight. You may have them by merely hauling them away; in fact, if you will take them all, every day, the shipper will pay you to cart them off.

Citrus growers cooperate

SINCE most citrus growers belong to the Exchange, they need not worry about disposing of their product. With complete information on market conditions, the Exchange advises packing houses where the fruit should be shipped, and in what quantities and sizes, advises when it should be stored to await a more favorable market.

The Exchange also handles collections and their immediate return to the grower. For this service it holds out seven per cent of the receipts, plus five cents a box advertising assessment. But the Exchange is a cooperative enterprise which makes no profit. At the end of the season its surplus commissions are prorated back to the growers. Last year its operating costs were only 4.5 per cent.

The vegetable grower, though, has no cooperative to market his wares. In ad-

dition, his product is too highly perishable to permit storing. Lettuce is invariably rolling eastward within a few hours after it is cut.

The shipper will have a certain amount sold, while it is still in the fields, to chain stores and to jobbers who have agreed to take a specified number of cars each week. But more than half the crop is started rolling toward some unknown destination, with the shipper's broker selling it *en route*. Such a broker's commission is \$20 a car, irrespective of price. He has to sell a lot of cars to pay his office rent, his telegraph and long distance tolls.

This broker, acting for many growers, having the confidence of many buyers, can dispose of the crop much more cheaply than the growers could themselves.

The railroads get the next slice of your perishable dollar, and it's a big slice. But they have, it seems, a large job.

Their job starts with spotting the right number of cars on the correct sidings on the day these cars are needed. That seems simple enough until one considers the magnitude of the perishable movement. More than 250,000 carloads of fresh fruits and vegetables move eastward but of California every year—400 to 1,200 cars a day. And these shipments originate on a thousand sidings, move to thousands of destinations on 191 railroads.

To handle this gigantic movement, the big originating lines—the Union Pacific and Southern Pacific—have a joint organization, known as the Pacific Fruit Express, which takes care of all details except the actual hauling.

The P. F. E. owns 47,000 bright yellow refrigerator cars, which it must shuttle endlessly to supply the needs of



Buyers in the Baltimore fruit auction. Such sales crowd out the jobber to some extent, permit big retailers to buy like wholesalers

shippers. In its Chicago office a regiment of clerks does nothing but keep track of these cars and see that the empties roll back to the concentration points at Roseville and Colton. And they invariably roll back empty, hauled at a total loss, because the perishable movement westward is trifling.

In the producing area, a corps of field men size up crops, interview growers, estimate how many cars will be needed when and where. Weeks in advance, arrangements are made to have them at the right places at the right time. If this were not done, cars needed at Salinas and Brawley might be standing idle on a Jersey City siding 3,000 miles away.

All refrigerator cars returning from the East are inspected, cleaned, and put in repair—often to the extent of complete rebuilding. Then, before spotting, they are pre-iced if so desired.

Special care in refrigeration

THE shipper, in fact, has a choice of 26 services providing refrigeration, ventilation, or heating. In winter, the citrus shipper may order standard ventilation, which means that plugs and vents are closed or opened *en route*, as required by the outside temperatures.

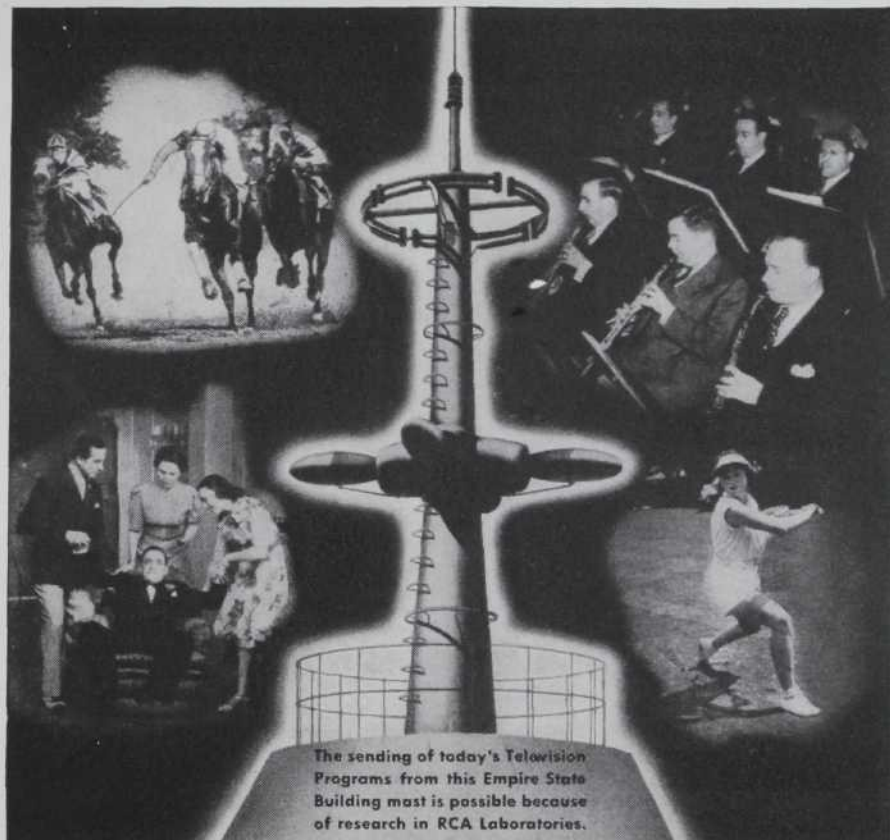
In summer, when the fruit is warm from the California sun and its hot bath, its temperature will be quickly brought down to 40 degrees by huge pre-cooling fans that circulate brine-washed air through the cars. Then five tons of chunk ice will be placed in the bunkers to be renewed by the railroads throughout the journey east. Lettuce is buried under a five-ton blanket of snow ice.

To provide this refrigeration service, the Pacific Fruit Express maintains 45 plants of its own, and has contract arrangements with commercial ice companies at 195 other points. The largest of its plants, the largest ice plant in the world, is at Roseville—the neck of the funnel through which all rail traffic from northern and central California must pass. Its enormous manufacturing and storage capacity is often taxed to the limit, because, during the peak periods, about 50 trains are iced here each day. A record about which they still boast in Roseville is the handling of 132 trains through this yard in 24 hours—a train every 11 minutes!

Why all the rush? Well, the perishable deal is a rush from start to finish. There is no market back east for garbage, which is what these cars will contain if they do not reach their destinations promptly. When the shipper pays the perishable rate, he not only pays for hauling, but for a guaranteed schedule to any team track or siding in North America, for insurance against theft, breakage, or spoilage.

He pays also for the diversion service—the one facility that makes it possible for every person in the United States to have fresh fruits and vegetables each day at prices he can afford to pay.

Without this service, it would be impossible for the grower to ship his produce until he had found a buyer. And perishables cannot wait while a salesman hunts men who are willing to speculate on carload lots they will not receive for ten days. The public's appetite is too



Research Makes RCA the Symbol of the Radio Age

Every schoolboy has heard of the Stone Age, the Iron Age, the Age of Steam. It is not unlikely that the schoolboy of the future will hear his history teacher refer to the twentieth century as "The Radio Age."

Marconi's first transatlantic message in 1901... the creation of the Radio Corporation of America in 1919... the formation of the National Broadcasting Company in 1926... the public introduction of television by RCA in 1939... these are just a few significant milestones which identify the age we live in with the swift progress of radio.

All the public services of radio... in communications, in broadcasting, in the creation of in-

struments for sending and receiving sound and sight through the air... have grown out of the research work carried on year after year by radio scientists. Radio without research would be like a well without a spring. Each year brings to radio new services, new devices, new improvements that have originated in the RCA Laboratories... the world's largest organization devoted to every phase of radio research. That is one reason why the three letters... RCA... are often called "The Symbol of the Radio Age"... See exhibit of all RCA services—including Television—in

RCA Building at New York World's Fair.



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DIVIDEND NOTICE

Common Stock Dividend No. 94

A cash dividend declared by the Board of Directors on June 14, 1939, for the quarter ending June 30, 1939, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on July 15, 1939, to shareholders of record at the close of business on June 30, 1939. The Transfer Books will not be closed.

D. H. FOOTE, Secretary-Treasurer.

San Francisco, California.

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fickle for such long-distance gambling. The larger jobbers and chains will buy for their minimum needs that far in advance. But crops ripen on unpredictable dates in unpredictable amounts, which cannot be stored until the market is ready. They must be moved at once. Supply must move toward Demand, guided by that unflinching signboard—Price.

There is nothing mysterious about Price. There are no villains lurking in the background, manipulating those market quotations.

If a city can consume 20 carloads of lettuce a day, and 30 arrive with more due tomorrow, the owners of that lettuce are going to undersell each other to get rid of it. Prices are going down. But if only ten carloads arrive, those who deal in lettuce will bid against each other for enough to satisfy their customers. Then prices will go up.

That's all there is to price—what some one is willing to pay for what some one wants to sell. When both parties are satisfied, the goods move. Nothing else will move them.

The diversion service permits an ever-changing supply of produce to be guided toward those cities which need it—where prices are going up. It assures that the obvious markets of New York and Chicago will not be surfeited, while Washington and Richmond do without their salad.

This service is nothing more than the privilege given shippers of moving their produce at once, toward some selected destination, with the option of changing that destination as many times as desired until a buyer is found; the only restriction being that there shall be no back-tracking.

Finding markets en route

THIS service gives the broker six days to find a market for California produce before it reaches Kansas City or Chicago, three additional days before it arrives on the Atlantic seaboard. During this time the broker studies market quotations from all over the country, concentrates his selling efforts where prices are highest—where there is a demand. Having found a customer, he need only pick up the phone, call the nearest Pacific Fruit Express office, to have any particular car diverted to the new destination.

So when railroads say they haul a ton of freight a mile for a cent, that's only a small part of the story. They ice or heat or ventilate that freight exactly as directed. They have the biggest book-keeping job in the world; yet so fool-proof is it that they can find your shipment out of 500,000 cars, tell you exactly where it is while you wait on the phone. They publish schedules and meet those schedules. They haul your stuff 3,000 miles, while you are making up your mind where you want it to go, then put it at exactly the right spot out of 10,000 possible spots. Their charge for all this is fixed by law, with little regard to its actual cost. Some railroads make a profit on the deal; many more show a loss.

The next charge is 12½ cents a box for trucking. This applies only in New

York, where union truck drivers rule the Washington Street Market. Most other jobbers get lettuce hauled for only a nickel a crate.

There are two kinds of jobbers—the speculator who buys outright, tries to sell at a profit, and the commission merchant.

The commission man buys nothing. He has the same kind of a store on produce row as the speculator, but he doesn't own the stuff he sells. Growers ship to him on consignment, and he sells for what he can get, keeping ten per cent of the proceeds.

His prices will be about the same as those of the speculator. They have to be because, to keep the growers happy, he must sell for as much as the commission man gets. He cannot hold out for more or he will not sell at all, because most of this stuff must be disposed of the day it arrives—it will not keep.

Margins are small

COMPETITION is so keen among jobbers that they seldom gross more than 25 cents on a box of anything. Occasionally a speculator will successfully forecast conditions ten days ahead, buy heavy and cheap, be the only one in town with some particular item. He can then make his own price and clean up. More often he guesses wrong and loses his shirt.

But why have jobbers at all? They do nothing but cut in on the deal, increase the spread between grower and consumer. The answer is that there are 500,000 retail outlets in the United States. Thirty per cent of these outlets, the chains, can afford to buy in carload lots direct from the grower, and do. But the average independent cannot dispose of more than a single box of an item a day, and the stuff just won't keep. There has to be some place where he can buy a box at a time as he needs it. The only such place is the jobber.

Fruit auctions, held in 12 large cities, tend to crowd out the jobber to a certain extent because cars are broken up here, sold to the highest bidder in lots of five or more boxes, giving the large independent a chance to bid on equality with the wholesaler. But your small grocer must still depend on the jobber, the only man who will sell him a single crate at a time.

The final link in the chain is the retailer, and you can see for yourself what service he renders. From him you may buy a single head of lettuce, a half dozen oranges, as you need them. And you know that if you demand delivery and credit, you pay more than at a cash and carry store.

That's the complete picture. Nobody else is getting a cut of your perishable dollar, except in rare cases where a jobber gets stuck, has to buy from another jobber. Even then it is seldom that anything is added to your price, because competition is too keen. When there's an extra cut, the jobber or grower must absorb it.

That's where your money goes, and that's the service that is rendered for it. Who gets too much? Who could be eliminated? Cousin Milton still thinks we are being robbed.

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"But, Grandpa...."

"YOU never had to go to a luncheon, then to a bridge party, and then rush home to press a dress so you could go to the movies. Times have changed since you courted grandma. Things are more—more—"

"COMPLICATED'S the word you want, Bet. You do seem to do a lot of running around. But then, you don't have to pump and tote water, or churn butter, or bake bread, or clean a lot of oil lamps, or stoke the stove for that iron you're using. Why, when your grandmother wanted to go to town, I used to spend a half a day taking her. And you drive in for a movie! Most of the things you do, we didn't have time for."

IF LIFE seems more complicated today, it's because we have time to undertake more things we *want* to do—because the routine duties of life have been made simpler and easier. Meals cooked at the turn of a switch, water available at the turn of a faucet, washboard and carpet beater banished — these are some of electricity's contributions to progress. General Electric scientists and engineers, by finding still more ways for electricity to shoulder the routine and unpleasant duties, help provide for the people of America still more time to enjoy a richer, happier, and fuller life.

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